

in the '90s

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THE AMERICAS

Clinton Seeks Dismissal Of Paula Jones Lawsuit**Her Career Wasn't Hurt, His Lawyers Say**By Peter Baker and Lois Romano
Washington Post Service

lished in the capital, and in one court struck down a government opposition newspaper. The government has also shown willingness to end the negotiations. In April 1997, small rebel factions, promising first time that the south would exempt from Islamic laws and the provinces would be held.

At the same time, the government agreed to resume peace talks with the main rebel group, the Garang, who says he will accept a government committed itself to a constitution with some guarantees, including freedom of religion, assembly and speech.

Still, the proposals being offered contain several loopholes and are not guaranteed. The government could still crack down on opponents if the court determines that violence from other countries would be a "grave threat to the peace."

Hassan Turabi, speaker of the coup, and the ideological architect of the coup, said political parties would be allowed to operate as the new constitution is passed in April. But he added: "We will fight hard to make political appeal of other parties."

"There will be a campaign, anything like that — a political, social, cultural campaign — but," he said.

Sierra Leone Leader May Return Soon

FREETOWN, Sierra Leone

United Nations special envoy Wednesday to Freetown said Ahmad Tejan Kabba, leader of Sierra Leone's main opposition party, had been released from jail.

Mr. Kabba, a former minister of defense, had been held in jail since November 1996.

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MIDEAST

At the Pentagon, Infighting Over Iraq Role of the B-2By John Mintz
Washington Post Service

WASHINGTON — The B-2 bomber, at \$2 billion a copy, is the most expensive airplane ever built and perhaps history's most intimidating combat aircraft. It is ready to fly in any air war against Iraq, but the U.S. military has revealed no plans for that. And therein lies a mystery that may reveal as much about internal Pentagon politics and budgetary tactics as military strategy, military and defense industry officials say.

Pentagon officials who favor the B-2's deployment in the Gulf say some military officers are afraid that if the airplane does well, its success could reopen discussion about building more than the 21 B-2s on order, threatening billions destined for the air force's proudest project of today, the F-22 fighter. A poor performance, on the other hand, could be a humiliating and costly failure.

"If it does badly, and it crashes, you'd have a \$2 billion smoking hole in the desert, which could be a bit embarrassing," an air force official said. "Or if it does beautifully, there would be tremendous pressure to build more B-2s, and that undoubtedly would in-

Some Fear Bomber Will Work Too Well, Others See '\$2 Billion Hole in the Desert'

fringe on the budgets of other air force airplanes that we want to build."

The air force officially denies that such considerations have a role in the decision whether to deploy the colossal black, bat-winged aircraft. The service's formal position is that "the B-2 has been declared operational and is available to the war fighters should it be called upon," said Captain Leo Devine, a spokesman for the service.

But inside the air force and the Pentagon where war plans are drawn, a bitter debate is raging about the B-2's deployment, military officials said.

Its backers say the B-2 is a perfect weapon for an air war in which avoiding risks to pilots is a top concern, since the "stealthy" B-2 evades radar and stands little chance of being shot down.

It can carry 16,200-pound bombs, or eight 5,000-pound bombs that can be used for "bunker-busting" of underground compounds.

Moreover, because any B-2 attack probably would involve a 36-hour

round-trip flight from its home at Whiteman Air Force Base in Missouri, its use would not impose a burden on Gulf allies skittish about allowing U.S. jets to carry out bombing raids that might inflame other Arab countries.

But the B-2 continues to inspire more skepticism than awe among other Pentagon officials.

Military planners are highly risk-averse, and vastly prefer to choose for dangerous missions aircraft that have been proved in war, military officials said. Nine years after its inaugural flight, the B-2 has never flown in combat. There are also some minor lingering questions about the reliability of stealth characteristics of the B-2's most recently upgraded version.

Two years ago the B-2's radar-absorbing skin peeled back in the rain, but officials say that problem has been repaired in the new model.

The B-2's proponents inside and outside the air force cite a number of deeper reasons why they believe the

plane is not in the U.S. order of battle. They said that its success would imperil financing for other projects, chiefly the \$70 billion F-22 fighter program, the air force's top priority.

"The B-2 threatens the F-22 crown jewel," said one pro-B-2 air force targeting expert. "There are folks at senior levels in the air force who are pushing for the B-2," including leaders of the service's Air Combat Command and air war planners at the U.S. Central Command, which is in charge of the attack, an air force general said.

Asked if the B-2's \$2 billion price makes it too risky to use, he replied, "We bought the thing. If you're not going to risk using them, send them to Davis-Monthan and make sure nothing ever happens to them." Davis-Monthan is an air force base in Arizona, where decommissioned warplanes are stored.

"The B-2 is absolutely perfect for this mission," added another air force general, who said he believes senior Defense Department and National Security Council officials have argued against its use because "if you demonstrate its great capabilities, it would reopen their decision to terminate the buy" at 21 aircraft. Eighteen have been built.

IRAQ: Annan Encouraged

Continued from Page 1

the message coming from Baghdad that they are prepared to engage me constructively to find a solution."

He offered no details beyond saying that "obviously this is not going to be an easy mission."

Mr. Annan said that he would not be leaving for Iraq if he did not hope that his mission would succeed. "I would have saved the organization some money" otherwise, the secretary-general said.

He expressed satisfaction that what he termed the unanimity of the Security Council had been re-established. That was a reference to the consensus that was reached Tuesday among the five permanent members on oral guidelines for Mr. Annan to take to his meetings with the Iraqis.

The United States and Britain have insisted that no limits be put on the weapons inspectors of the UN Special Commission, known as Unscom, and that their authority not be diluted or limited.

After four meetings in less than a week, China, France and Russia accepted this in some form.

Iraq, which closed eight so-called presidential sites to inspectors as symbols of its national sovereignty, earlier floated a compromise through the Russians that the compounds could be searched once during a limited 60-day period, provided that the searches were carried out not by the Unscom teams, but by diplomats and experts who would report directly to the secretary-general. Washington and London rejected this proposal as a ploy to circumvent the inspectors' most familiar with Iraq's clandestine programs to develop proscribed chemical and biological weapons.

The formula that Mr. Annan is taking to Baghdad would allow the diplomats and other experts to go along, but only as observers, when Unscom inspectors enter the presidential residences. The formula also says that such searches will not be curtailed.

The United States made it clear that it would challenge any agreement with Iraq that deviated from the principles of unrestricted access to all sites, including the presidential sites, or that compromised the integrity of the UN inspection program.

"I did not ask for a mandate," Mr. Annan said. "Right from the beginning, I was acting on the basis of the secretary-general's authority and my desire to use my good offices."

An American official said the collective advice given to Mr. Annan was consistent with the Clinton administration's position that Baghdad must comply with all its promises made in the Security Council resolution that ended the Gulf War in 1991.

The British representative, John Weston, said that he was very pleased with consensus reached by the five permanent members on what to tell Mr. Annan.

"We know that he is a very senior person in this organization who was elected by us all," Mr. Weston said. "And we have great confidence in his judgment."

Discussing the proposal to allow observers to accompany the UN inspectors, a British official said: "So long as Unscom gets in, we don't mind a few men in suit going along for the ride."

The United States and Britain decided that they would not object to Mr. Annan's going to Baghdad as long as he recognizes that there are "red lines" that Washington and London are unwilling to see crossed.

One of the most that no limits can be set on the duration or scope of the inspections, which Baghdad has tried to restrict.

The American and British position has been that, far from becoming more flexible, as Mr. Annan has urged, the two powers are prepared to undertake military strikes unless Iraq backs down and that it is incumbent on the countries that oppose military action to come up with a workable alternative.



Kofi Annan discussing in New York his hopes for his mission to Baghdad.
Peter Neuharls

CNN Coproduction With White House Riles Competitors

Washington Post Service

WASHINGTON — Has it come to this: American preparations for war as a network production?

That is the view of some of CNN's competitors as the cable network staged a town meeting Wednesday with Secretary of State Madeleine Albright, Defense Secretary William Cohen and the national security adviser, Samuel Berger. It was a CNN exclusive from start to finish; no other national television outlet could broadcast from the Ohio State University gathering.

Moreover, television stations were limited to two minutes of excerpts from the 90-minute forum, and any highlights had to bear the CNN logo.

"It certainly reeks of favoritism," said Kim Hume, Washington bureau chief of Fox News. "It's just odd that the government would go to CNN and ask them to broadcast a town meeting, because CNN has limited reach. It seems they look at CNN as an adjunct of the Voice of America or something."

"I'd think in an extraordinary situation like this that they would want as broad an audience as possible," said Bruce Drake, managing editor for news at National Public Radio. "To come to some sort of exclusive arrangement with one network boggles my mind. Given the degree of magnitude here — preparing the nation for military action and the possibility of lives lost — you don't play these kind of games."

Asked about the CNN arrangement, the White House spokesman, Michael McCurry, said that, as on previous occasions, the administration "worked with one network to figure out how we could get as large an audience, international and domestic, for this particular event." Another factor, he said, is that President Saddam Hussein of Iraq and his aides are known to watch CNN.

Frank Sesno, CNN's Washington bureau chief, said a White House official sounded him out last week about having the network host a town meeting "in the heartland" about the Iraqi situation. He said the administration suggested holding it at Ohio State.

The session featured both audience questions and viewer calls for the three members of the U.S. administration's national security team, who were attempting to make a public case for possible U.S. air strikes against Baghdad in the continuing standoff over restrictions on United Nations weapons inspectors.

"Showdown with Iraq: An International Town Meeting," which aired on CNN at 2 P.M. eastern standard time (1900 GMT) on Wednesday, was anchored by Bernard Shaw and Judy Woodruff. The special was shown in CNN markets around the world.

"This is our event, and we're sorry that others don't like it, but that's the way it goes," Mr. Sesno said.

OHIO: Officials Heckled

Continued from Page 1

lict — an option repeatedly rejected by Mr. Cohen during the broadcast.

Hecklers interrupted the top officials several times, at one point stopping Mrs. Albright from talking for several minutes. The Associated Press reported from Columbus, Ohio.

"Could you please tell these people, I'd be very happy to talk with them when this is over," Mrs. Albright said.

To illustrate President Saddam Hussein's history of using weapons of mass destruction, Mr. Cohen showed the audience a picture of an Iraqi woman holding a dead child in her arms. He said they had been gassed by Mr. Saddam's forces. He described the picture as "Madonna and child, Saddam Hussein-style."

Mr. Berger said the United States was seeking to protect the world's long-term interests in limiting the spread of weapons of mass destruction.

"In the 21st century, the community of nations may see more and more of this very kind of threat that Iraq poses now, the rogue state," Mr. Berger said, adding: "If we fail to respond, Saddam and all those who follow will believe that they can threaten the security of a vital region with impunity. But if we act now as one, we will send a clear message to would-be tyrants and terrorists."



Defense Minister Sheikh Ali as Sabah as Salim as Sabah of Kuwait among Kuwaiti soldiers during a visit Wednesday to the border with Iraq.

Iraq, which have gone largely unremarked in public.

Already the crisis has contributed to the stalerene in the peace process by distracting official Washington's attention. It also has sparked pro-Iraqi demonstrations among Palestinians in the Israeli-occupied West Bank, which in turn have antagonized Jews.

There is speculation that a new conflict with Iraq could prompt Israel to crack down on Palestinians' freedom of movement in the occupied territories and perhaps to impose a curfew. That, in turn, could push Palestinian frustrations with the frozen peace process to the breaking point.

On the other hand, some Israeli strategists say a powerful U.S. attack could help the cause of peace in the Middle East by leaving Iraq weakened,

Palestinians cowed and a more confident and secure Israel disposed to make fresh concessions for Middle East peace.

But several high-ranking former military officials said they are worried that Israel's eagerness to see punishment meted out to an implacable foe is clouding analysis of the probable outcome of a new Gulf War.

Retired General Ephraim Sneh, a Labor Party legislator, said any attack on Iraq that leaves Mr. Saddam in power is a waste of time and could undermine fading American influence in the Middle East. Already, he said, Washington's attempts to revive the stalled peace process have come to naught.

"If he stays in power, we must prepare for the next surprise — a year from now, five years from now, 10 years from now," Mr. Sneh said.

That spotlight on the immediate security risk to Israel has obscured the broader implications of a U.S. attack on

Iraq, which are alleged to have used chemical weapons — including mustard gas and nerve agents — during its war against Iran or on its own Kurdish minority.

The report said Iraq had an active missile program before the 1991 Gulf War, including its purchase of 519 Scud missiles from Russia and its efforts to modify the missile's warhead and extend its range.

"Discrepancies in Iraqi accounting suggest that Baghdad could still have a small force of Scud-type missiles and an undetermined number of warheads and launchers," it added.

White House Says Iraq Still Has a Force of Scud-Type Missiles

Reuters

WASHINGTON — Iraq has Scud-type missiles and a small stockpile of chemical and biological weapons, with the capability to make more quickly, the White House said in a document based on U.S. intelligence data.

The 17-page document, which had no markings to show who prepared it, was released Tuesday, shortly after President Bill Clinton warned Iraq to permit inspections of suspected sites of weapons of mass destruction or face a military strike.

"Enough production components and

data remain hidden and enough expertise has been retained or developed to enable Iraq to resume development and production" of weapons of mass destruction, the document said, citing views of unidentified world "experts."

"They believe Iraq maintains a small force of Scud-type missiles, a small stockpile of chemical and biological munitions and the capability to quickly resurrect biological and chemical weapons production," the paper added.

A U.S. official declined to say who wrote the report, but said it was based on U.S. intelligence data.

The document lists 10 occasions between August 1983 and March 1988

when Iraq is alleged to have used chemical weapons — including mustard gas and nerve agents — during its war against Iran or on its own Kurdish minority.

The report said Iraq had an active missile program before the 1991 Gulf War, including its purchase of 519 Scud missiles from Russia and its efforts to modify the missile's warhead and extend its range.

"Discrepancies in Iraqi accounting suggest that Baghdad could still have a small force of Scud-type missiles and an undetermined number of warheads and launchers," it added.

Religious leaders have voiced some of the most pointed opposition. Ten bishops of the Church of England, writing to the Independent newspaper last week, expressed fear of "large-scale civilian casualties" and new distrust of the West in the Muslim world if airstrikes were launched against Iraq.

What little political opposition there is comes mainly from "old Labor" members of Parliament who stand by pacifist principles that the "New Labor" party of Mr. Blair has largely set aside. Some of them had their say in the House of Commons debate Tuesday. "Every member of Parliament tonight who votes for the government motion will be consciously and deliberately accepting responsibility for the deaths of innocent people if the war begins, as I fear it will," said Tony Benn, a Labor member.

Blair Gets Support for Policy on Iraq as Parliament Backs StrikesBy John Burgess
Washington Post Service

LONDON — Ten Anglican bishops have warned of civilian deaths if bombs fall on Iraq, and about 100 demonstrators have staged a sit-down protest on a London street to condemn the use of military force.

British newspapers have published questioning editorials, while pacifist politicians have made critical comments.

But aside from these scattered expressions of opposition, Prime Minister Tony Blair has met little resistance as he has put Britain squarely on course for an attack on Iraq if its leader, Saddam Hussein, does not back down and grant United Nations inspectors access to suspected weapons production sites. In cooperation with the United States, Britain has moved warplanes and an aircraft carrier to the Gulf region to be ready to strike if the order comes.

On Tuesday night, Mr. Blair got an official mandate to proceed. By a vote of 493 to 25, the House of Commons approved a resolution authorizing the government to "use all necessary means" to resolve the crisis over Iraq's weapons program. "Leaving Saddam off, doing nothing, backing

off, settling for some convenient fudge in the face of Saddam's defiance — these are options too dangerous to contemplate," Defense Secretary George Robertson told the House during a seven-hour debate on Iraqi policy that preceded the vote.

In times like this, British gut reaction is to support the government, said Robert Worcester, chairman of Market and Opinion Research International, a polling organization. He called this tendency "a holdover from the 19th-century imperial destiny," when Britain put troops into count less conflicts small and large.

In recent times, British armed forces have reinforced this backing by besting the enemy in their foreign missions, said Timothy Garden, a retired Royal Air Force marshal who now heads the Royal Institute of International Affairs, a research center in London. "We don't have a Vietnam," he said.

Still, there is no great enthusiasm here for taking on Mr. Saddam. Although a few tabloid newspapers have sounded a jingoistic chord — "Take Out Saddam" read a front-page headline in the Sun, reporting a Gulf War veteran's call to assassinate the Iraqi president — the public seems more resigned than eager.

According to a survey published last week by the Guardian newspaper and the polling organization ICM, 56 percent of the British public would support military action against Iraq, while 32 percent would oppose it. The rest were undecided.

In contrast, the Gulf War and the 1982 Falklands War won approval by up to 80 percent of the public. To many analysts, the reason is that the goals were clearer and more popular. The Gulf War was launched to liberate Kuwait, the Falklands conflict to take back British islands seized by Argentina.

But since the start of the crisis over Iraq's chemical, biological and nuclear weapons programs, Britain has joined the United States wholeheartedly. Mr. Blair dispatched to the Gulf the Invincible, an aircraft carrier with 13 Sea Harrier jump-jets aboard. Eight Tornado fighter-bombers have flown to a base in Kuwait. In addition, Britain has two squadrons of Tornadoes in Saudi Arabia.

Two weeks ago, British officials called press briefings to outline the size of Iraq's illegal arsenal. On Tuesday, the Defense Ministry released diagrams of the "presidential sites" that Iraq has declared off-limits to UN weapons inspectors, showing that one is so large it could overlay much of London. Otherwise,

the government has relied largely on media coverage of House of Commons speeches and of British forces in the Gulf region to build its case with the public.

The Times of London contended

ASIA/PACIFIC

A Step Behind Suharto, Is He Devil or Angel?

Whichever, Habibie Arouses Intense Feelings

By Keith Richburg
Washington Post Service



Kofi Annan discussing in New York his hopes for his mission to Bosnia

CNN Coproduces With White House Riles Competition

WASHINGTON — Hardly a day goes by without a CNN newscast. But the American broadcast giant's future was as a network producer. That is the view of the CNN's competitors as the cable network staged a town meeting yesterday with Secretary of State Madeleine Albright, Defense Secretary William Cohen and national security adviser Sam Nunn. It was a CNN audience, not the public, that other networks believe would broadcast the White House University.

More than 100 journalists were invited to the White House yesterday to discuss the future of CNN. The meeting was to be the last in a series of CNN town meetings held across the country.

It was

the

INTERNATIONAL

CLINTON: Trusted Deputy Appears Before Grand Jury

Continued from Page 1

Ms. Lewis's attorney, Billy Marston, said that she remained under subpoena. He did not say when she would again appear. "She's not doing well," he said.

Mr. Lindsey and Mr. Clinton have been close since they worked together in the 1960s for Senator J. William Fulbright of Arkansas. It is Mr. Lindsey to whom Mr. Clinton has turned in times of difficulty, whether dealing with the Whitewater real-estate affair or the harassment charges by Mrs. Jones.

Mr. Lindsey is never far from Mr. Clinton, in Washington or on the road. But as a fierce and determined loyalist of the president's, he is certain to make a highly reluctant witness.

Mr. Starr subpoenaed Mr. Lindsey because of conversations he had last year with Linda Tripp, the woman who taped more than 20 hours of conversation with Ms. Lewinsky in which the younger woman reportedly bragged to her friend of an 18-month affair with Mr. Clinton.

Ms. Tripp, who had been an executive assistant to Mr. Lindsey for a short time, reportedly wanted his advice after reporters asked her about an episode involving a White House volunteer, Kathleen Willey.

Ms. Tripp allegedly saw Mrs. Willey leave the Oval Office with her makeup smeared and her blouse askew.

Mrs. Willey has now been subpoenaed to testify before the grand jury investigating the Clinton-Lewinsky matter. The Washington Post reported Wednesday. She had said in a deposition in the Jones suit that Mr. Clinton made an unwelcome pass at her on Nov. 29, 1993, when she went to his office to seek a full-time job. Conflicting accounts have emerged of the alleged incident.

In a related development, a friend of Mrs. Willey's, Julie Hatt Steele of Richmond, Virginia, has told Mr. Clinton's attorneys that Mrs. Willey urged her to file a report. A lawyer for Ms. Steele said that Mrs. Willey wanted her friend to say that Mrs. Willey had mentioned the alleged incident with Mr. Clinton shortly after it occurred, instead of later.

Prosecutors also want to ask Mr. Lindsey about a three-page memo of "talking points" that Ms. Lewinsky gave to Ms. Tripp on Jan. 14, apparently to prepare her for a deposition in the Jones case by coaching her to offer a new interpretation of the incident with Mrs. Willey.

Lucianne Goldberg, a New York book agent, told an interviewer Tuesday that Ms. Tripp became concerned in December that the tapes

she had secretly made of her phone conversations with Ms. Lewinsky might be illegal and began looking for a new lawyer who could arrange immunity from prosecution.

Ms. Goldberg said that Ms. Tripp's concern about the law led her to a new lawyer, and eventually to Mr. Starr.

Because of her cooperation, prosecutors offered her immunity from any prosecution at the federal level.

Meanwhile, Mr. McCurry, the White House spokesman, has tried



Bruce Lindsey, left, and his attorney arriving Wednesday at the courthouse in Washington for the grand jury hearing.

to play down comments he made in an interview with the Chicago Tribune, including the suggestion that there might not be a "simple, innocent explanation" of Mr. Clinton's relationship with Ms. Lewinsky.

While not retracting his statements, Mr. McCurry made it clear, in good-humored comments, that he did not know all the facts of the matter.

A "lapse in my sanity," he said, had led him to answer the Tribune's hypothetical questions.

JAPAN: Chorus of Complaints

Continued from Page 1

What I'm saying is that there are great uncertainties surrounding the current politics," Mr. Miyagawa said. "If you ask me the chances, I would say it's 50-50. But now people mention resignation. It has been privately discussed before, but this week it was openly talked about. If that were to happen, then fiscal restraint would be shelved."

Other political analysts said Mr. Hashimoto's resignation appeared unlikely.

There's no agreement within the LDP on who would succeed Hashimoto at this point," Minoru Morita, a political analyst, said.

For now, Mr. Hashimoto says that two measures already approved, a bank stabilization package and a consumer-tax cut, will give a lift to the economy.

Meanwhile, concerns are growing that an expanding series of bribery investigations engulfing the government has left a power vacuum, further crippling decision-making. Japan's political system has historically resulted in weak prime ministers and strong bureaucrats. It prevented any Japanese leaders from taking aggressive actions to return Japan to economic health after the country's economic "bubble" burst seven years ago.

But the powerful Finance Ministry was able to pull strings to prevent economic losses from veering too far out of control. A series of recent scandals is changing that, analysts say.

On Wednesday, prosecutors asked the court to issue an arrest warrant for Shokichi Arai, a Liberal Democratic lawmaker. Mr. Arai, a former Finance Ministry bureaucrat and now a member of Parliament, is accused of receiving illegal payments from Nikko Securities Co. Because Parliament is in session, prosecutors must obtain legislative permission to arrest Mr. Arai. The Arai scandal comes on the heels of bribery scandals involving the Finance Ministry, Japan Highway Public Corp. and several prominent Japanese banks.

The result has been a reduction in the Finance Ministry's influence, said Naoki Tanaka, an influential political analyst. In a speech this week, Mr. Tanaka said it was not clear who or what would replace the Finance Ministry as a power center for economic policy.

Special correspondent
Akiko Kashiwagi contributed to this report.

BRIEFLY

Kaunda Is Notified of Charge

LUSAKA, Zambia — The government on Wednesday formally notified former President Kenneth Kaunda in court of the treason-related charge he has faced since his arrest in connection with an alleged coup plot.

Mr. Kaunda, 73, who was detained on Christmas Eve and subsequently moved from jail to house arrest, was charged with knowing that some members of the armed forces were planning a coup in October and failing to report this to the authorities.

Earlier, the state prosecutor, John Katongo, told the magistrate court that he wanted the charge fully explained to Mr. Kaunda. He is alleged to have committed "misprision of treason." Misprision means the knowledge of a planned crime and the failure to disclose it. (AP)

23 Massacred in Algerian Town

ALGIERS — New killings in western Algeria claimed 23 lives on Wednesday, the Algerian security forces announced in a statement. No details were provided.

The statement said the victims were killed at Sidi Djilali in the Tlemcen region near the border with Morocco, about 540 kilometers (340 miles) west of Algiers.

No one claimed responsibility for the attacks, but such incidents are usually blamed on the Armed Islamic Group, which is seeking to overthrow the military-backed government.

"The unilateral secession of any province would fracture the very foundations of Canada," Graeme Mitchell, a lawyer for the Saskatchewan government, told the nine justices Tuesday on the second day of hearings to determine the legal status of a secession attempt.

The historic case was initiated by the federal government, which says it would be willing to consider independence for Quebec, but only after a fair, clear-cut vote and after negotiations involving all of Canada.

Saskatchewan and Yukon agreed with the provinces of Manitoba and the Northwest Territories, which presented their arguments to the court Monday.

Mexican Centrist Party Created

MEXICO CITY — A former top official of Mexico's ruling party has created a centrist party, hoping to join opposition forces on the left and right to win the presidential race in 2000.

Manuel Camacho Solis, a former mayor of Mexico City, on Tuesday unveiled the Party of the Democratic Center to several thousand cheering supporters in a Mexico City office tower.

Mr. Camacho called for a united front among the country's often fractious opposition as the only way to topple the long-ruling Institutional Revolutionary Party, in power since 1929.

"The day has arrived to prepare for a historic change," Mr. Camacho said. "If we do not, we risk a new tragic period of decay of our government." (Reuters)

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Metallurgists

John Fein
Takes Case
before Court

John Fein
Takes Case
before Court

Russia

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Bad Plan for Indonesia

Facing a plummeting economy and angry rioters, President Suharto of Indonesia has turned in desperation to a magical remedy known as a currency board. Such a board would tie the value of Indonesia's currency, the rupiah, to the value of the U.S. dollar and commit Indonesia to accumulating large dollar reserves with which it could, if needed, buy back all the rupiah its central bank has issued. In theory, a dollar-backed currency board assures foreign investors that their money is safe, leading them to return and thereby stimulating recovery.

But what sounds appealing, most Western experts warn, could easily backfire in practice. The International Monetary Fund and Clinton administration officials have rejected the adoption of a currency board because they rightly fear that, employed during a currency crisis, it could drive up interest rates, crushing the country's debt-burdened businesses. The high interest rates would be needed to attract tens of billions of dollars from the rest of the world to create a reserve fund big enough to reassure foreign investors.

A currency board would also tie the supply of the rupiah in the economy to the flow of dollars from abroad, rather than to policy decisions by the Indonesian central bank. That means the central bank could no longer expand the money supply to fight off a collapse of domestic banks or to extract the economy from depression.

—THE NEW YORK TIMES.

Pentagon Pep Rally

The Clinton administration, while still hoping for a diplomatic solution to the standoff in Iraq, has decided that it must educate the American people on why force may be needed, with all its inherent risks. To that end, President Bill Clinton led a kind of pep rally at the Pentagon Tuesday that, it seems to us, went only partway toward meeting its goals.

What was objectionable was not so much that the session began with an inappropriate and trivializing ritual of sycophantic self-praise moving up the chain of command — with the Joint Chiefs' chairman, General Hugh Shelton, fawning over Defense Secretary William Cohen ("an extraordinary man"); Mr. Cohen paying tribute to Vice President Al Gore ("a firm and steady hand in our nation's foreign diplomacy"); and Mr. Gore delivering a campaign-style introduction for the president ("the man whose leadership and commitment to our nation's security and strength have done so much for the cause of peace and freedom around the world").

The more serious problem was the questions Mr. Clinton did not answer.

The president ably laid out the need to take action. Saddam Hussein himself promised the United Nations that he would destroy his nuclear, chemical and biological weapons. Mr. Clinton pointed out. But the Iraqi leader has repeatedly lied about his arsenal since making that promise, lies made perfectly evident by the repeated amendments Iraq makes to its declarations when caches are uncovered.

Mr. Clinton correctly noted that Saddam Hussein has put himself in a different category from any other leader, even those who also may aspire to or possess chemical weapons, because he has repeatedly used such weapons against his own and other people. And Mr. Clinton said that the credibility and future effectiveness of the United Nations, not just the United States, is on the line. Saddam Hussein's regime "threatens the safety of his people, the stability of his region, and the security of all the rest of us," Mr. Clinton said.

But if the Iraqi threat is that serious, Mr. Clinton was less persuasive in arguing that he has found an equally serious remedy. His rhetoric has downshifted from promising to deny Saddam the capability to use weapons of mass destruction to pledging only to diminish that capability. He has said the United States will be ready to strike again if necessary.

But it is far from clear that air strikes are an effective weapon against the capabilities at issue here, and it is even less certain how the UN if it does not get its inspectors back into Iraq, will have sufficient information in six months or a year to credibly threaten a second round of military action.

For now, the administration's plan may well be the best of many bad

Other Comment

Nigerian Intervention

Nigerian involvement in driving the rebels out of Freetown does not mean that Nigeria has suddenly become a staunch defender of constitutional legality in the region.

In fact, Nigeria's intervention in Sierra Leone is motivated more by the desire to strengthen its influence in West Africa and enhance its lately tarnished prestige.

Furthermore, just as Nigerian troops are entering Freetown, a trial has begun in central Nigeria against a group of generals accused of conspiring against President Sani Abacha's government.

One cannot help suspecting that another reason the leaders in Abuja are willing to send their elite troops abroad is to keep them out of mischief.

—Neue Zürcher Zeitung (Zurich).

Attacking Iraq: Immoral and Counterproductive

By William Pfaff

PARIS — Nearly everyone by now seems agreed that air attacks on Iraq by the United States could not accomplish what Washington wants, which at a minimum is to restore free movement for UN arms inspectors, and at most to overturn Saddam Hussein.

Nearly everyone actually seems to agree that such attacks would terminate UN inspections for good, strengthen the Iraqi president's political position and further destabilize the Gulf and Middle East, while weakening the influence of the United States.

Some logical people therefore say don't do it. Some others have logically concluded that it is necessary to do much more: invade and occupy Iraq, depose Saddam Hussein and sponsor a replacement government.

Since few officially engaged in the conduct of American policy want to call off the war — having been marching up this hill for weeks now, fife, skirmish and drums pounding — and still fewer have any appetite for a real war with many dead Americans, the logical conclusion the analyst must draw is that the United States will go ahead with the attack, which will fail, as predicted, followed by all of the bad consequences that everyone has already foreseen.

The affair no longer is connected to common reality. It is a matter of symbolic action and gesture, related to politi-

cal power, policy investment and status inside Washington, and is now driven forward for the sake of its media narration, which, in the ambient narcissism, has become the operative reality.

Iraq is no longer a place but a concept. The new Hollywood film "Wag the Dog," which portrays a computer-challenged president staging a television war against an imaginary Albania, suggests only half the truth about Washington today. The actual Iraq and its president now are figurants in the great audiovisual game of international affairs as played in Washington.

Do they not bleed, those Iraqis? For

too many in the Washington policy community, they bleed no more than Bruce Willis bleeds, or Arnold Schwarzenegger — or Dr. No. They bleed only for those for whom this is not a virtual game, such as those aboard the carrier jets that will be launched into 4 A.M. darkness next week, when the Olympic Games are over (so we are told to expect), who will also face the possibility of dying — possibly, after ejecting, by being stoned to death on the ground by their bombings' wretched victims.

I am no pacifist, having spent my 20s as a volunteer to fight America's hot

and cold wars, but I believe that acts of war without clearly achievable objectives, without a clear connection between the acts and the intended results, are immoral.

I regret that the United States in recent years has abandoned that principle and has carried out several intrinsically futile and fundamentally self-indulgent attacks on other states, including the invasions of Grenada and Panama and that it is now building up to another.

That Saddam Hussein is a war criminal and a despicable tyrant is beyond doubt, but the American plan is not to snatch him away for delivery to The Hague war crimes tribunal, while liberating his nation's people. In practice the United States would seem to punish the despots' people because of the despots' crimes.

The Gulf War was justified, as was the Falklands War. Both responded to acts of aggression, were successful and vindicated the principles of international legality. The prospective attack on Iraq responds to outlaw conduct and to the hypothetical threat of aggression but offers no serious prospect of changing either. The UN Security Council and the majority of nations in the region, as elsewhere, have thus far declined to endorse an attack.

During the 1950s and 1960s, confronted with the desperate problems of

political morality created by nuclear weapons and the Cold War, a part of the analytical community in the United States and Britain looked for help from philosophy and theology.

Certain American strategic thinkers and military men were particularly influenced by the reflections on moral philosophy by Thomas Aquinas and the late-Renaissance Spanish theologian Francisco Suárez.

Their arguments concerning a just war hold, among other things, that a war should be undertaken by a winning authority, be an act of last resort, employ only proportionate violence, create fewer wrongs than it rights, and enjoy a reasonable expectation of achieving a victory that accomplishes the purposes for which it was begun.

I cannot see that any of those criteria are met in what America proposes to do to Iraq. The theologians specifically condemn a war that is waged merely to maintain a nation's prestige.

Washington today is not in the habit of consulting either theological or philosophical opinion in the course of its policy deliberations. However, the force of the arguments I have cited lies not in their authority but in their common sense. Surely we are not impervious to common sense?

International Herald Tribune.

Los Angeles Times Syndicate.

It's Up to Saddam to End the Suffering of the Iraqi People

By Bill Richardson

The writer is U.S. ambassador to the United Nations.

UNITED NATIONS, New York — For far too many years, the Iraqi people have been forced to bear an onerous burden. During the 1980s and early 1990s, the country was devastated by the disastrous policies of its leaders, which led to a decade of almost constant war.

Today, the Iraqi people continue to bear terrible hardships. Illness, malnutrition and poverty are rampant.

The burden of responsibility for their suffering lies squarely on the shoulders of one person — Saddam Hussein. His consistent refusal to comply with UN Security Council resolutions, his unceasing efforts to build weapons of mass destruction and his blatant attempt to manipulate and choreograph the misery of Iraqi women and children make clear his utter lack of concern for his own people.

The current situation traces its origins to the 1990 invasion of Kuwait. After reversing Iraqi aggression in the Gulf War, the UN Security Council

passed a series of resolutions — enforced by international sanctions — to help ensure that Iraq's weapons of mass destruction program would be fully dismantled and that Saddam would be prevented from rebuilding his military forces.

These sanctions exempted food and medicine, which Iraq remains free to purchase on the open market. The international community has never sought to punish the Iraqi people for the sins of their leaders.

Clearly, however, Saddam Hussein's priorities lie elsewhere. At the same time that Iraqis are suffering from food shortages and a lack of civilian housing, Saddam has spent as much as \$2 billion on lavish palaces for himself and his ruling clique.

What's more, Iraq continues to hoard and stockpile food and medicine for use by its military and regime supporters, while

drastically reducing programs of humanitarian assistance for its own people. The result is that today the people of Iraq rely almost exclusively on the United Nations for their food and medicine.

The fact is, the Iraqi regime has demonstrated a far greater desire to continue building weapons of mass destruction than it has to feeding its own people. Developing mustard gas, anthrax or the nerve agent VX never fed one hungry child, but for the Iraqi regime it seems to be far more important.

Led by the United States, the international community has sought to help Iraq generate the revenue it needs to purchase food and medicine. We proposed that Iraq be allowed to sell limited quantities of oil in exchange for humanitarian supplies. For four years, however, while his people were suffering, Saddam rejected this proposal.

Last year, Iraq finally allowed an oil-for-food program to go forward. Since then more than 3 million tons of food have been delivered to the Iraqi people and 95 percent of all contracts for food and medicine have been approved.

Even so, Iraq recently requested that the UN defer consideration of contracts of \$120 million in humanitarian assistance.

In particular, we have now received Secretary-General Annan's report on ways to improve the effectiveness and the implementation of the oil-for-food program.

We are prepared to support a significant increase in the scope of this program, including expanding oil sales to allow for the additional purchase of food and medicine. Unlike Saddam Hussein, we will now hold the Iraqi people hostage.

In the end, however, responsibility for the plight of Iraq's people lies not in New York or Washington but in Baghdad. If the Iraqi regime truly cares about its people, its course of action is clear: Comply with UN resolutions, spend money on food, not weapons and palaces, and make a serious effort to alleviate the nation's suffering.

Only then will the tragic burden on the Iraqi people be lifted.

Los Angeles Times Syndicate.

After Suharto, Who? The Answer Is Far From Obvious

By Alan Dupont

CANBERRA — Two widely held misperceptions about Indonesia have gained currency in recent months.

The first is that the country is on the verge of collapse as the government of President Suharto struggles to turn around its battered economy and keep the lid on escalating political and social tensions.

While there is no doubt that this is the most serious crisis of confidence the retired general has faced, Indonesia is far from the level of economic chaos.

— including the police, which are under the military's command — are far better equipped and trained to manage civil disturbances than they were in the past.

The second misperception concerns the significance of the vice presidential election next month, which will accompany the presidential election.

Most analysts assume that the successful vice presidential candidate, now almost certain to be the controversial research and technology minister, B. J. Habibie, will become Mr. Suharto's long-term successor if the president steps down or is incapacitated during his next five-year term.

For this reason, the March meeting of the electoral college is seen as the most crucial of Mr. Suharto's long rule.

What is often forgotten, however, is that if the vice president replaces Mr. Suharto before the president's term expires, he must be confirmed within six months by a special session of the 1,000-member electoral college, known as the People's Consultative Assembly. It is by no means sure that Mr. Habibie would secure the assembly's endorsement, especially if the military withdraws its support.

Military backing is vital for any aspiring presidential contender, even more so at a time of political and social strife.

The assumption that there will be a seamless transfer of power from Mr. Suharto to his vice president becomes even more problematic if Mr. Habibie is indeed the successful nominee.

Although the armed forces have endorsed the colorful but erratic science and technology czar, there is no great affection or respect for him in the officer corps. Military support for Mr. Habibie could quickly evaporate without Mr. Suharto's continuing patronage.

So who will be the president's long-term successor if not Mr. Habibie? The strongest candidates appear to be the current vice president and former armed forces commander Try Sutrisno; Mr. Suharto's eldest daughter, Siti Hardiani Rukmini, and Information Minister Hartono, a retired army chief.

Also, history shows that both Republicans and Democrats tend to underestimate the cost of new programs and overstate the revenue from tax increases. Thus those small diversions the president is projecting for a few years hence to pay for his 1999 initiatives will probably loom large by 2012, when the first baby boomers retire.

The writer, a senior fellow at the Hoover Institution, is a former deputy director of the Office of Management and Budget. He contributed this comment to The New York Times.

chance but is generally considered to lack the requisite skills and drive for the highest office.

It is more likely that Mr. Suharto's eventual successor will come from among the ranks of the next generation of recently promoted senior military officers.

The three men to watch are the armed forces commander, General Wiranto, a former aide to Mr. Suharto; the head of the army's strategic reserve, Lieutenant General Prabowo Subianto, who is Mr. Suharto's son-in-law, and the military's ideological watchdog, Lieutenant General Bamsoeng Yudhoyono.

General Wiranto is almost universally well-regarded in the armed forces and elite civilian circles. While he may lack charisma, he has a certain presence that is important in Indonesian, especially Javanese, culture, as well as a reputation for integrity and professionalism. He lacks the broad national experience of earlier generations of military officers but is a fast learner and a good listener.

General Prabowo is highly capable, sophisticated, ruthless and a far more practiced political operator than General Wiranto. However, he has the share of detractors, who accuse him of being manipulative, emotional and too nakedly ambitious.

For the moment, General Wiranto must be considered the most likely long-term successor to Mr. Suharto. Little is known about how he would seek to govern Indonesia or about the kinds of economic and social policies he would adopt. If General Wiranto does not become president himself, he will probably be the kingmaker. Certainly no successor to Mr. Suharto could emerge and govern without General Wiranto's support.

The writer, a former Australian diplomat who was posted to Jakarta from 1991 to 1994 as the director of the Asia-Pacific security program at the Australian National University's Strategic and Defense Studies Center in Canberra, has contributed this comment to the International Herald Tribune.

Drop Clinton's Budget

By John E. Cogan

SANFORD, California — In his State of the Union Message, President Bill Clinton called for using "every dime" of the budget surplus to help ensure the future of the Social Security retirement system.

"Save Social Security first!" was his simple prescription for how to use the money. His budget, however, contains a different message: "Spend it!"

The president's budget proposals would, over the long term, divert the surplus to other government programs. Future Social Security recipients — and the public at large — would be better off if Congress simply ignored the president's budget.

The president's budget predicts that without any changes in taxes, and if Congress continues to live within the spending limits that it previously agreed to, the economy will create a budget surplus next year. The amount of the surplus is projected to rise each year thereafter, reaching nearly \$90 billion in 2003.

The president, though, is proposing a raft of additional spending programs and higher taxes to pay for them. Initially, the new spending is less than the new taxes. But after 2001, when the full impact of the president's proposals is realized, the new spending would exceed the added revenue.

Financing the shortfall would require a future president to draw from the surplus — the one that Mr. Clinton has pledged for Social Security. Even the president's budget predicts that more and more of the surplus would be siphoned off for these programs. By 2003, the last year for which his budget provides estimates, the amount would reach \$7 billion.

The Clinton administration's defenders might counter that the diversion is relatively small. But that misses the fundamental point: The administration's proposals would lead the country in the wrong direction.

There are several schools of thought on how Social Security might be salvaged — building a surplus in the program, privatizing it or increasing economic growth. But the president's idea — pledging the surplus to the task but then later taking it away — is unique.

Also, history shows that both Republicans and Democrats tend to underestimate the cost of new programs and overstate the revenue from tax increases. Thus those small diversions the president is projecting for a few years hence to pay for his 1999 initiatives will probably loom large by 2012, when the first baby boomers retire.

The writer, a senior fellow at the Hoover Institution, is a former deputy director of the Office of Management and Budget. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

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OPINION/LETTERS

Rushing to Clone People: The Seed of a Bad Idea

By Ellen Goodman

BOSTON — To be frank, I've had a little trouble taking the business of human clone-making seriously. Consider the most celebrated would-be clone-maker: Richard Seed. Would you take your infertility problems to someone named Seed?

When Mr. Seed, a Chicago physicist, announced that he was going to begin cloning people, I thought the business motto alone went over the top: "Identical Twins — 30 Years Apart!"

This 69-year-old who confessed that he is "only a near-genius" predicted cheerfully: "Clones are going to be fun. I can't wait to make two or three of my own self."

That prospect alone would have chilled any lingering support for human cloning. And that was before the Raelian Movement, a Swiss cult that believes life on Earth was created by extraterrestrials, offered seed money to Mr. Seed.

The whole thing has had the aura of high comedy, not cutting-edge science. But Mr. Andrews had a reminder in the fertile public imagination.

Soon after his announcement, Dolly the sheep was followed by George and Charlie the calf clones. We are told that pigs are in the offing. A general notion has grown that sooner or later, somewhere or other, somebody will try to reproduce another body.

Now, in rapid order, the White House called for a five-year ban on cloning people, the Food and Drug Administration warned against cloning without its permission, and two pieces of anti-cloning legislation were filed in the U.S. Senate.

How did we get so far afield so fast?

Human reproductive technology has been treated as if it were just another bastion of free enterprise. The business has been driven by infertility. In this world, the customer is always right. Supply must meet demand.

The desire of adults for children has led us, with the best of intentions, down some very dimly lit ethical alleys.

In 1978, when Baby Louise came out of the test tube, down the birth canal and into the public limelight, in vitro fertilization was a shock. Now it's nearly routine.

Since then we've seen paid surrogates mothers and custody disputes over frozen embryos. We've also had people who want to harvest sperm from dead men, and would-be grandparents who tried to use their dead daughter's ovum to create a baby.

At no time was there a public consensus or even discussion before the fact. The decisions were essentially left to fertility doctors and their customers.

The loose and largely unregulated nature of fertility treatment is partly due to arguments about reproductive freedom that spill over from the abortion debate. The advancing technology is also protected under the rubric of free scientific inquiry.

But the operating instructions of private clinics have been, in the words of an ethicist at the Chicago-Kent College of Law, Lori Andrews, "Show me the money."

I have no idea if infertile adults would line up to cloning guinea pigs but, as Ms. Andrews says, "I think we are creating needs rather than meeting them."

There is no "need" for a clone. And no excuse.

The medical risks of failure are horrendous. In cloning sheep, the rate of success was one healthy Dolly for 277 attempts. We have no idea how much greater the chances of miscarriage or deformities are for humans.

As for the ethical, legal, psychological, philosophical risks of success — the odds are even worse. The legal world is already asking whether a clone is a person or a copy of a person. Does the original "own" the copy? What does it say about a parent who reproduces himself or herself? What does it mean to a child? That he or she is a commodity?

When we talk about bans, someone in the scientific community inevitably warns us about stopping progress. But as the Democratic version of the Senate anti-cloning legislation suggests, it is not that hard to keep medical research on track while forbidding the creation of a human clone.

Spare us Mr. Seed and any other little seedlings getting ready to cash in on clones. This is one idea that has to be nipped before the bud.

The Boston Globe.

LETTERS TO THE EDITOR

Netanyahu's Failures

Regarding "Israelis View Peace Process as an 'Artificial Respirator'" (Feb. 4):

It is simply appalling to see that, once again, peace is escaping the Middle East. While it has become fashionable to blame Benjamin Netanyahu for being brutal toward the Palestinians, it is no less appropriate to consider how he has failed his fellow Jews.

He promised peace and security when he was elected. There is no peace. The Jews are now closer than ever to fighting one another: religious versus secular, nationalist versus pacifist.

Nor is there security. Suicide bombings have resumed and a resurgence of the *intifada* is now threatening.

When things have come to such a point, questioning the government's policies is no longer a matter of domestic politics but a matter of survival.

BERNARD HENRY,
Garches, France.

Capitalism's Promise

Regarding "People First: The World Economy Needs Regulation" (Opinion, Feb. 13) by William Pfaff:

Mr. Pfaff returns to a favorite theme: Free-market capitalism and globalization represent a na-

ive ideology that holds that the "universal search for individual self-aggrandizement automatically promotes collective happiness." This sneering characterization of individual choice is a backhanded way of saying that other people do not understand what is in their own best interest as well as Mr. Pfaff does.

Mr. Pfaff repeats the elitist fairy tale that pretends globalization exploits nearly all workers and benefits no one but a few malevolent multinational corporations. But the fact is that free markets have proved to be much less flawed than any other system in creating wealth and opportunity for the average person.

Mr. Pfaff revels in a patrician contempt for modern economics and free markets. But he is indifferent to the huge, often desperate world below his privileged perch. The planet holds nearly 6 billion people, most of them poor, who must eventually be brought into the world economy. Free-market capitalism is beginning to do this.

BRIAN REICHENBACH,
Bacolod City, Philippines.

Modern Music

Regarding "How to Separate the Old and the New: Let's Hear It for Musical Ghettos" (Features, Feb. 11):

ADRIENNE FARRELL,
JACKSON,
Bougy-Villars, Switzerland.

Finally, somebody said it: Classical and modern music, and their respective audiences, have nothing in common.

It's a disgrace that all the violinists who have had to practice from childhood to get to a professional level are forced to end up playing Stockhausen, Boulez and their ilk.

Isn't it time for somebody to challenge the modern-music establishment and say the emperor is wearing no clothes? As a composer and music lover, I've found that if there is no feeling behind the music, it's not worth being played.

MARTIN HEIDARI,
Bad Vilbel, Germany.

An Appetite for Tea

Far from being composed of the funky doily-based mini-sandwiches prepared by the etiquette expert for Dave Barry ("A Cold Beer Guide to Good Manners," Feb. 14) "high tea" in England is a robust tea-cum-supper served to children or hungry workers who prefer to eat their evening meal immediately upon returning home. A favorite high tea when I was a child in Yorkshire consisted of ham with a fried egg on top and "hot cakes," freshly baked rolls of soda bread.

ADRIENNE FARRELL,
JACKSON,
Bougy-Villars, Switzerland.

Amid Its Troubles, Japan Revels in Olympic Feats

By Steven R. Weisman

NEW YORK — The Olympics always present a full palette of feelings about the athletes. But for me, what stands out at Nagano this winter is the Japaneseness of the Olympics and the way the Games open a window into a country at a time of pessimism and self-doubt.

The Japanese are not known for their displays of emotion, yet emotions over the victories of Japanese athletes have flooded forth.

MEANWHILE

The Games seem to be serving as both catharsis and reflection of Japan's current difficulties.

Seven years ago, when Nagano was chosen for the Olympics, Japan was at the top of its game. Then the economic bubble burst, and the logic of serving as Olympic host turned upside down. To its embarrassment, Japan was forced to scale back its extravagant promises to pay travel and other expenses for athletes. The Japanese are now worried that the billions spent for the Games will leave mountainous debts and useless arenas too costly to keep up.

Sullenness over the cost has been momentarily banished by the thrill of Japan's first individual gold medals in the Winter Olympics since the 1972 Sapporo Games. The whole country has gone wild over gold medals for Tae Satoya in the women's mogul skiing event and Hiroyasu Shimizu in speed skating. In a deeply moving gesture in land of ancestor worship, Satoya carried a picture of her father, who died in July, in her breast pocket, while Shimizu visited his father's grave the day after his victory to tell him the news.

As for the opening ceremonies, what could have been a spectacle of strutting was instead loaded with self-abasement and cross-cultural confusion. The artificial doves, looking like origami balloons, were described by announcers as gestures of atonement for Japanese misdeeds earlier in the century. The appearance of Seiji Ozawa of the Boston Symphony seemed aimed at burying some ill feelings of a different kind. It was a reminder of how he had left Japan as a young man, only to return in a disastrous visit in the

1960s, when the NHK Symphony rebelled against his brash American style and refused to play for him.

The conductor has been welcomed back in recent years, and his rendition of Beethoven's "Ode to Joy" marked a full reconciliation.

The Japanese are fascinated by how others perceive them and often willingly embrace outsiders' perceptions.

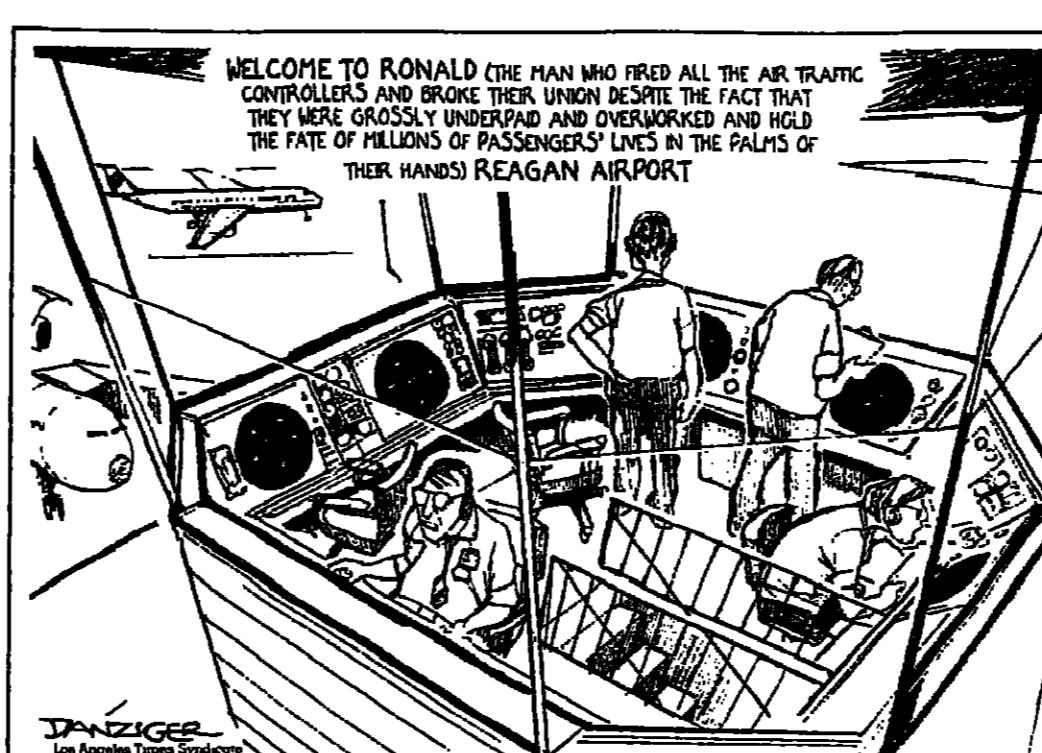
In the 19th century, English visitors said Japan's central mountains reminded them of Switzerland. Presto, they became the Japan Alps. But what possessed the Japanese to have the figure skater Midori Ito light the Olympic torch accompanied by "Un bel di" from Puccini's "Madame Butterfly," evoking Japan's seduction and betrayal by the United States?

These Olympics have been justly praised for eschewing the hucksterism of Atlanta. But, as is often the case with Japan, the situation is more complicated. The mastermind of the games is the mysterious Yoshiaki Tsutsumi, one of the wealthiest men in the world, and the owner of Japan's biggest luxury hotel chain.

As head of the Olympic Organizing Committee, the tycoon persuaded the Japanese government to spend billions of dollars on improvements in Nagano, including a bullet train from Tokyo. By no coincidence, all these expenditures greatly benefited his many ski resorts and hotels in the area. He was forced to resign as chairman of the organizing committee when such rewards became an embarrassment. But his role is a perfect illustration of Japan's problems and the mixture of public goods and private enrichment that has got Japan into so much economic trouble in recent years.

The 1964 Summer Games in Tokyo are remembered because they left a legacy of superhighways and marked the arrival of a rebuilt, democratic postwar Japan. The Nagano Olympics seem likely to be recalled as a moment when the Japanese celebrated their Olympic accomplishments and yet were reminded of the troubles they tried so hard to set aside.

The New York Times.



BOOKS

THE OTHER SIDE OF THE RIVER
A Story of Two Towns, a Death and America's Dilemma
By Alex Kotlowitz 317 pages. \$24.95.
NaN A. Talese/Doubleday.

Reviewed by Richard Bernstein

Of all the many books written about race in America in the past couple of years, none has been quite like "The Other Side of the River," Alex Kotlowitz's nuanced and absorbing account of the mysterious death of a young black man in southwestern Michigan in 1991.

Kotlowitz, a former Wall Street Journal reporter whose last book was "There Are No Children Here," a 1991 study of a Chicago housing project, spent four years looking into this mystery, trying to answer the basic questions: Was the death of the young man a crime or an accident? And if it was a crime, who committed it?

He sprinkles his text with numerous intriguing details of these essential problems, but he never resolves them.

And while this leads the reader to a certain sense of frustration, it also fosters a deeper appreciation for the stubborn unresolvability of many events in the real world.

As he takes us on his journey, Kotlowitz succeeds in his real purpose, which is to amplify our understanding of the many ways, subtle and not so subtle, in which past experience and present circumstance continue to divide the race into separate subjective camps.

The victim was a 16-year-old, Eric McGinnis, whose body was fished out of the St. Joseph River on May 22, 1991, three days after he disappeared. The river marks a familiar divide in American life.

West of it, along the shores of Lake Michigan, is the white town of St. Joseph, dominated by Hallmark Cards. Images of American well-being. East of the river is Benton Harbor, a mostly

black community afflicted by drug-dealing gangs, a murder rate three times as high as New York's or Chicago's and many of the other ills normally found in bigger inner-city communities.

When Eric's body was found, police tended to believe that he had been the victim of an accidental drowning, not an unusual occurrence at that point in the river, and most people in St. Joseph accepted their explanation. In Benton Harbor, the prevailing belief was that Eric had been murdered and that the crime, one of white racism, was being covered up by the white-dominated St. Joseph police.

Or, as Kotlowitz puts this early on: "In the tumultuous weeks and months following the discovery of Eric McGinnis' body, as the police tried to find out how he had ended up in the river, the contour of relations between the two communities came into focus: the mistrust, the misunderstanding and the fear — even of the truth. Eric's death became a kind of 'Rashomon' of the races, with relations between the towns distorting the perceptions of what happened on the night he disappeared."

In the aftermath of the O.J. Simpson case, the reflexive difference of view between blacks and whites is more or less what we would expect it to be, so Kotlowitz's portrait of these two Middle American towns does not exactly come as a surprise. What makes this story so compelling is the way the author removes the racial divide from abstraction and places it in the concrete. In his trustworthy hands, the death of young Eric McGinnis ramifies into a vivid American microcosm, a telling tableau of the way we are.

Kotlowitz goes to extraordinary lengths to solve the mystery of Eric's death, sifting the contradictory evidence, interviewing witnesses, hanging out with the chief detective in charge of the case and with Eric's grieving mother. At one point he even takes a canoe trip down the St. Joseph River to test whether the current or the wind could blow a floating body upstream.

New York Times Service

BRIDGE

By Alan Truscott

THE Young Guard of American bridge uses aggressive bidding methods that would surprise the stars of *Seawear*. Jeff Meckstroth and Eric Rodwell have won several world titles and are expected to win more but have not revealed their secrets in print. Larry Cohen and David Borkowit, who are likely to win world honors some day, have been slightly more forthcoming. Cohen has effectively developed the Law of Total Bids, which guides players in deciding how far to bid in competitive auctions.

Some useful clues to the modern bidding style have been provided by two new authors at 6260 Grand Cypress Circle, Lake Worth, Florida 33467, for \$19.95 including mailing. Topics include when to double, building successful partnerships, match-point tactics and conventions used by top players. The diagramed deal indicates the value of inserting a bid to help partner find the right lead. Two no-trump following a take-out double shows a limit raise or better, and South bids game. But East has had a chance to bid clubs, indicating the safest opening lead to his partner.

South wins the opening club lead with dummy's ace and takes a trump finesse, losing to the king. Another club lead is ruffed, and South cashes the spade ace. He then leads a small diamond, and West must be alert. South's opening bid followed by a jump to game makes it clear that he must have the diamond ace and the heart king. So West must grab the diamond king, and return a diamond. Then he must make two heart tricks at the table. But if he fails to take the diamond king he will be end-played by the third round of diamonds and the game will succeed.

West leads the club three.



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In Electronics' Future, A Microscopic Revolution

Nanotubes Expected to Replace Silicon Devices

By Malcolm W. Browne
New York Times Service

SCIENTISTS experimenting with a fascinating speck of matter called a single-walled carbon nanotube say this elegantly geometrical molecule is about to ignite a revolution in electronics, computers, chemistry and new structural materials.

In place of the relatively large electronic devices incorporated in silicon-based chips, physicists have proved that it is possible to create devices on an atomic and molecular scale. A single electron in a single-wall carbon nanotube could function as a microminiature transistor.

Nanotubes only a few atoms in diameter, which spontaneously form from hexagonal arrays of carbon atoms, were discovered in 1991 by Dr. Sumio Iijima of NEC Fundamental Research Laboratories in Tsukuba, Japan. These tubes, actually elongated molecules, form in furnaces from vapor generated by carbon arcs and lasers. They take their name from the nanometer, a unit of measurement one-billionth of a meter long — a convenient length for specifying molecular dimensions.

Several recent reports show that nanotubes only one-50,000th the thickness of a human hair can perform the same electronic functions as vastly larger silicon-based devices. As a result, a computer based on nanotube devices could be extremely compact, fast and powerful.

ALEX ZETTL and his research group at the University of California at Berkeley recently showed that when two slightly dissimilar nanotube molecules were joined end to end, the "junction" between them functioned as an electronic device called a diode. Diodes are the basis of rectifiers, devices that are commonly used to convert al-

SITES

Related sites on the Internet:
 • Properties of over 10,000 compounds from National Institute of Standards and Technology at webbook.nist.gov
 • Latest information from the NASA Ames Space Science Division: science.nasa.gov/hantori/report.html
 • University working on research: physics.berkeley.edu/research/mecu/people/bockrath/research.html

ternating current into direct current. "When we grow nanotubes," Dr. Zettl said, "electronic devices naturally form on them."

As ever smaller electronic devices are needed to improve the speed and power of computers, "the silicon industry is coming up against a brick wall," Dr. Zettl said. The solution may be to replace the silicon-based devices used today with nanoscale carbon molecules, which would have another advantage: They conduct heat much faster than silicon and therefore would be more suitable for microelectronics.

LOOKING farther into the future, Dr. Zettl suggested that clumps of carbon nanotubes might spontaneously organize their electronic interactions into complex webs analogous to the neural networks of the brain. The density of nanotube interconnections achieved by clumping them together is staggering; if all the nanotube carbon molecules that could be packed into a one-half-inch cube were laid end to end, they would extend 250,000 miles (400,000 kilometers).

Dr. Zettl speculated in an interview that a random jumble of nanotubes in such a cube could generate a network of nanocomputers that might be able to perform complex tasks and reconfigure itself to improve its own efficiency.

Such a "tube cube," as Dr. Zettl calls the imaginary nanotube brain, may never materialize. But recent research offers strong evidence that nanotubes have, at least, great electronic future.

Research reported in October by Dr. Zettl and his colleagues produced evidence that a single nanotube molecule could contain many tiny devices: transistors and other essential components of electronic systems.

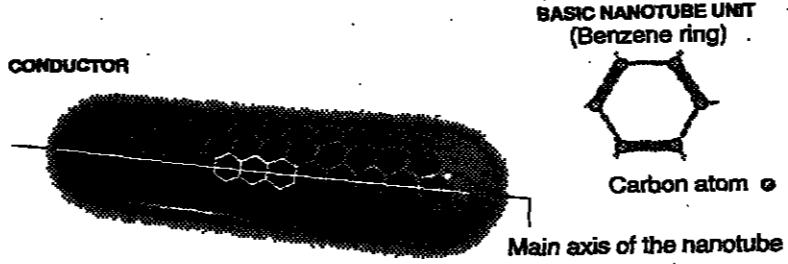
At NASA's Ames Research Center at Moffett Field in California, a group recently reported that by inserting defects into the junctions between metal-like nanotubes and semiconductor nanotubes, it had created a variety of junction types within a single nanotube molecule.

A pair of papers published in January in the journal *Nature*, one by chemists at Harvard University and the other by scientists at Delft University of Technology in the Netherlands and Rice University in Houston, independently reported the discovery that the electronic properties of a nanotube depended on the molecule's twist.

Chemists describe the raw material of nanotubes as sheets of graphite only one

In a Few Atoms, Many Possibilities

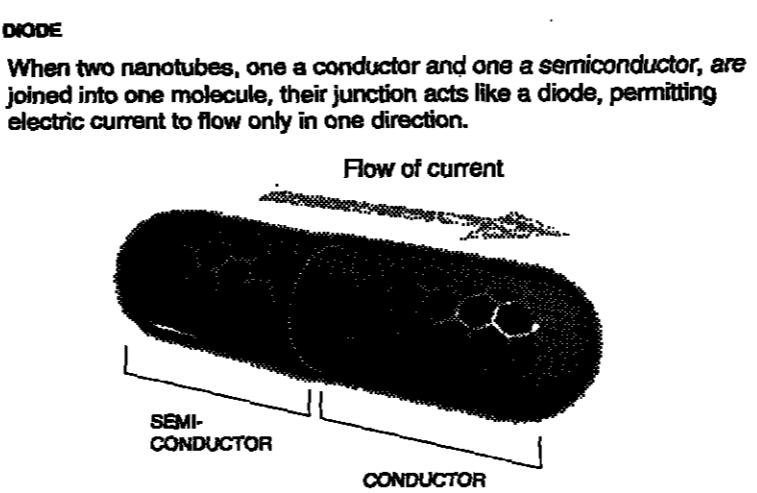
Nanotubes, molecules made mainly of carbon atoms, might one day replace silicon chips in computers much smaller than today's models. Nanotubes can be formed from condensed carbon vapor and they are 1/50,000th as thick as a human hair. Here are some types of nanotubes and their electrical properties.



When the carbon rings line up with the main axis of a nanotube, the molecule conducts electricity as easily as if it were metal.



When the pattern of hexagonal rings in a nanotube is twisted, the nanotube acts like a semiconductor. That means it conducts electricity only after a certain threshold is reached.



Source: University of California at Berkeley

atom thick that are condensed from carbon vapor. Carbon atoms linked together in graphite sheets spontaneously form a pattern resembling chicken wire.

When such a sheet rolls itself into a tube so that its edges join seamlessly together, a nanotube is formed. Usually,

hemispherical caps form at the ends of each tube, closing it.

The group in the Netherlands and the Harvard team both reported that there was a strong relationship between a nanotube's electronic properties and its diameter and degree of twist.

A Push to Provide 'Safe Playgrounds' in Cyberspace

By Denise Caruso
New York Times Service

NEW YORK — One of the most striking paradoxes of Internet culture is that children are the most computer literate among us, but their vulnerability to on-line predators prevents them from being able to enjoy or explore freely what is likely to be the defining medium of their lives.

How can on-line services create a safe place for children to meet and play together while at the same time protecting them from pedophiles and unscrupulous marketers who often pose as children? And how can we keep children away from pornographic adult sites, which are accessible at the click of a mouse?

Today's solutions to the pornography problem, at least, are not working very well. For example, so-called filtering programs such as Cybersitter, Net Nanny and Cyberpatrol are supposed to block access to a constantly updated list of adult World Wide Web sites. But an article in September's issue of Consumer Reports noted that all were relatively easy to circumvent.

Thomas Morgan, a longtime on-line executive and president of Nvolve Inc., a company that develops on-line communities, has devised a solution he calls

the Safe Playgrounds Initiative. He has been discussing it privately for several months with various U.S. organizations, including the Electronic Frontier Foundation, a civil liberties group, and the Children's Advertising Review Unit of the Better Business Bureau.

Mr. Morgan is now going public with the initiative, which he developed after deciding to build an on-line community for children and realizing that all the security measures were too complex or constricting.

For example, the popular Disney Web site, to protect its young users and its reputation as a family company, allows children to communicate only inside its Disney Blast area, which not only requires registration but asks parents to specify with whom their children are allowed to communicate.

"Parents can drop the restriction if they want," said Jake Winebaum, president of Disney Online. "But if they do, we educate them about the consequences of their decision."

Mr. Morgan wants to change the rules of engagement. "We wanted children to be able to go to places on the Web where they can feel safe to explore and play," he said. "We also wanted something that does not require every consumer to be a Web genius — something simple, noncoercive advertising messages."

clean and easily applied."

The result was Safe Playgrounds,

which Mr. Morgan is now asking in-

dustry executives and politicians to support. Its tenets are:

• To develop a "kid's browser" that

includes an unbreakable bit of software

code that Mr. Morgan is calling a G-bit,

for general audience. This identifies the user as someone who is either under 18

years old or does not want to see adult

material. Web publishers then rate and

code their own sites, and anyone who

shows up at an adult site with this G-bit

will be denied access.

• To stop sexual and commercial

predators who seek out children on-line,

by means of what Mr. Morgan calls the

Safe Playgrounds Law, which would

make it a federal crime for an adult to

impersonate a child on-line in any site

declared a Safe Playground.

• To develop Safe Playgrounds qual-

ification criteria, including trained

monitors in chat rooms to keep an eye

peeled for predators; a guarantee that no

child's full name, physical address or

personal e-mail address would ever be

revealed; an agreement to inform par-

ents when sites are collecting data about

youngsters; and an agreement to display

only clearly identified, age-appropriate,

noncoercive advertising messages.

"The Safe Playgrounds criteria are very closely in sync and may even sur-

pass what we're trying to get the in-

dustry to do," said Elizabeth La Scout,

vice president of the Council of Better

Business Bureaus and the director of its

Children's Advertising Review Unit.

Some executives, including Mr. Winebaum of Disney, predict that en-

acting an initiative like Safe Play-

grounds will be difficult, but he is also

adamant that an industrywide, mandat-

ory solution is "the only way to solve the

problem on the scale that's required."

Lori Fena, chairman of the Electronic

Frontiers Foundation, agreed. "No one

wants to pay to babysit the Net, but

everybody is willing to support creating

child-safe areas like playgrounds in the

real world," she said. "This initiative is

the most sane thing I've seen yet —

socially, legally and economically."

SITES

Related sites on the Internet:

• The Children's Advertising Review

Unit of the Council of Better Business

Bureaus is at www.bbcb.org/advertising/childrensMonitor.html

• Company sites: www.nvolvekids.com/parents.html and www.disneyblast.com

Source: Morgan Stanley, Bloomberg News

ALT / Q&A With Paul Otellini

Intel Casts Its Net Wide As New Markets Beckon

As executive vice president for Intel Corp.'s sales for the past four years, Paul Otellini has focused on extending the chipmaker's global presence. Mr. Otellini, 47, who has been with Intel since 1974, took over last month as general manager of the Intel architecture business group and is seen as the third-ranking Intel executive behind Andrew Grove, chairman, and Craig Barrett, president.

On a recent trip to Paris, he spoke with editors of the International Herald Tribune about Intel's place in world markets.

Q. How dependent is Intel on the growth of your international markets?

A. I would say very. Most of our business is not U.S. and hasn't been for some time. I'm in a new job now, but four years ago I took over sales and marketing for Intel. Over those four years, every incremental dollar to invest went to emerging markets. We actually shrank our resources in Western Europe and the United States to help fund some of that.

The sales in emerging markets went from half a billion dollars a year four years ago to over \$3 billion today. That's over 50 percent of the company. I think they are going to continue to grow as a percent. These are countries we defined as not covered three or four years ago — Latin America, Eastern Europe.

Q. Do you see Europe in particular closing the gap technologically, making sales more difficult if their own producers emerge?

A. From a chip perspective, there really aren't any European competitors, at least for our stuff. SGS-Thomson is not even on the radar screen now.

I think there is an issue with the fact that the European computer companies are sort of hanging on at best, and they're not gaining share against the big multinationals.

I think the European computer companies have some soul-searching in terms of, "How do I compete with an aggressive Compaq or a pervasive IBM?" That's going to be tough.

The thing that is strong, though, is this category that's "other." Particularly in Europe, the "other" category, the unbranded, the brands that fall below everyone's radar screen, is 35 percent to 40 percent of the business, depending on which country you're in, and remains 35 percent to 40 percent of the business year after year.

Q. Do you feel your competition in the future is going to be a cheaper chip or a bigger, better, faster chip?

A. That question gets asked every two years, every time we're at the middle of a generational transition. I mean, would you still use a 486 today, or a 386, or a 286? Probably not.

There are a couple of vectors here. One is if you take a long-term view, say, two or three years. What we believe in the industry we need to do is to make



Paul Otellini, Intel vice president

these things a hell of a lot easier.

Easy of use requires more computing power, not less.

The ultimate ease of use is speech. Nobody wants to deal with commands. You want to be able to talk to it in phrases that are human-like and not DOS commands. To be able to have that interpretation and not have to be trained requires three to four times the computing power that's in a PC today. The good news is, computing power moves at that rate.

The other stuff is that I think Internet commerce is right about on us. The data I saw was that it's at \$10 billion today. It existed last year at a \$20 billion run rate, and there are projections that approach \$1 trillion in the next few years.

Andy [Grove] calls it the war for eyeballs. As there is increasing competition on the Net to sell services, the way you sell those is the way you do kind of advertising, which is better Web pages, videos, that kind of stuff. All that requires computing power.

I think it's easy to say that if you want to do is simplistic Web surfing or word-processing or simple spreadsheets, you're right. The \$300 PC going to the \$600 or \$500 appliance is more than adequate for that. But I don't think that's where the market's going to be.

Q. As dependent as you are on international sales, what is the Asia situation now?

A. We're O.K. on average, on balance. Obviously, Korea and Southeast Asia are troublesome — Thailand and Indonesia, Malaysia's O.K.; China's been very strong for us throughout this whole thing, and as long as China remains strong and grows, we're O.K. on average going to be fine in Asia.

Our business levels in Japan have dropped substantially from the first half of last year to the second half of last year.

I have not heard a good explanation as to why computer sales are down in Japan. I don't see them getting any worse, and I don't see them getting any better. I think they're going to stay at the current levels for some time.

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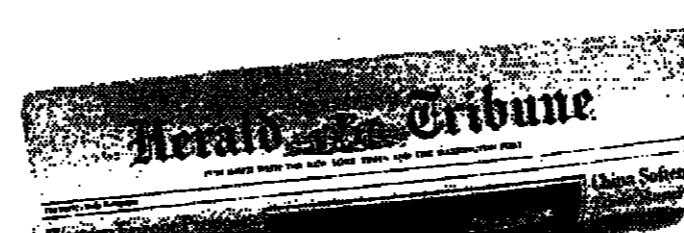
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THE WORLD'S DAILY NEWSPAPER

Hong Kong Celebrates New Budget

Stock Market Rises 4% As Corporate Taxes Fall

By Philip Segal
International Herald Tribune

HONG KONG — With the economy and stock market battered by the Asian financial crisis and public optimism at its lowest level since the economic crash of 1983, Hong Kong's cash-rich government announced a balanced budget on Wednesday, featuring lower taxes and a hold-the-line stance on the territory's fixed-exchange rate.

Real estate and banking stocks — the lifeblood of Hong Kong's market — surged as the budget proposed a 3 percent cut in the tax on corporate profits and a new annual deduction worth 100,000 Hong Kong dollars (\$12,900) on residential mortgages. The measures are designed to revive the moribund real estate market, which has been pummeled by high interest rates. Allowances on personal taxes for most residents here will rise by 8 percent.

The budget, the first since Britain handed the colony back to China last July 1, featured spending increases on housing and education.

In the past, China has criticized Hong Kong's financing of social programs, not wanting the colony's reserves drawn down.

The budget for the year beginning April 1 came as a new poll, released by the University of Hong Kong, said that 93 percent of respondents thought economic conditions had deteriorated since Hong Kong came under Chinese rule. The event that set off Asia's currency crisis, the devaluation of the Thai baht, came just a day after Hong Kong returned to Chinese sovereignty on July 1.

With its tax cuts, the budget was "better than expected," said Philip Nien, head of research at brokerage HSBC James Capel. The budget helped the benchmark Hang Seng index rise 4.3 percent, to 10,670.95.

In the budget, Financial Secretary Donald Tsang sought to deal with an economy facing its worst financial crisis since 1983, when the Hong Kong dollar crashed, and banks failed amid a panic caused by the news that Britain had agreed to hand Hong Kong back to China in 1997. At the time, fixing the Hong Kong dollar to the U.S. dollar helped stabilize Hong Kong. Now, however, this currency link has sent property prices plunging by as much as 40 percent in four months as the government has more than doubled interest rates to protect the currency.

Mr. Tsang predicted Hong Kong's economy would grow by 3.5 percent this year once inflation was taken into account, which is rosier than the predictions of many private economists.

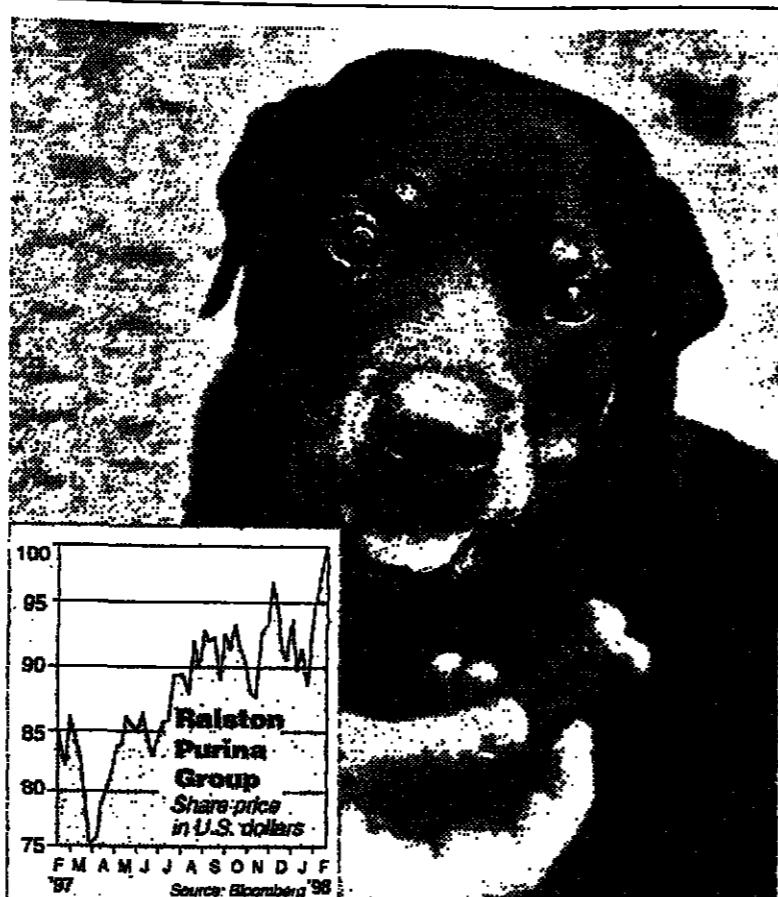
One of the most keenly anticipated parts of the budget speech, delivered by Mr. Tsang in the Provisional Legislative Council, dealt with the fixed exchange rate. There had been widespread speculation that the government might introduce changes to the way the government defends the currency, but there were none in the budget.

"The system has been working as designed," Mr. Tsang said. "Devaluation is not a way out. Everything we manufacture we make with imported products. Almost everything we consume we import. Devalue today, and tomorrow all those imports would cost us more."

Mr. Tsang also drew attention to the fact that 85 percent of Hong Kong's trade is now in services, where the fixed exchange rate has made Hong Kong's wages, rents and property prices seem higher than elsewhere in Asia. To stay competitive, Hong Kong residents have been told that property prices will have to fall, although the government indicated last week that it will try to cushion the market from falling too far, lest it set off a banking crisis.

The budget also calls for an increase of 52 percent in spending on housing, in an effort to meet the target of 85,000 new apartments per year from 1999. Half of Hong Kong's residents live in public housing.

WALL STREET WATCH



Some say splitting the company would be a tasty reward for investors.

Purina: Pulling Itself Out of the Doghouse

Analysts Say Battery Spin-Off Would Help

By Dana Canedy
New York Times Service

NEW YORK — Pet owners love Ralston Purina Co.'s canine and feline cuisine. So why do some investors consider its stock a dog? One problem is a lack of good information. The only high-profile member of Ralston Purina's team is the pesky pink bunny that promotes its Energizer batteries, the company's other business.

Management rarely talks to analysts, and Wall Street does not know what to make of quirky Ralston Purina, which has two chief executives to cover its disparate product lines.

Steve Galbraith, who follows the company for Sanford C. Bernstein & Co., said, "They run their investment program like the Kremlin: A lot of stuff goes in, but not a lot of stuff comes out."

William Stiritz, the longtime chief executive of the company, participated in only two conference calls with investors during his tenure, according to analysts. One was to announce his appointment in 1981, and the other was to announce his retirement last year. In the second one, Mr. Stiritz, who is still chairman, named two chief executives as his replacements, one for the pet-food business and one for the battery business. That could be a prelude to a split into two public companies that many analysts see as a potentially lucrative move.

"These two individual divisions on their own might garner some higher valuation and investor interest," said Steven Bregman, president of Horizon Asset Management and the author of the Spinoff Report, a newsletter. "Companies, even with market-leading businesses but otherwise unrelated, for some reason trade at a discount to where they would be if each traded separately."

Ralston Purina has been jettisoning smaller divisions for several years and next month will spin off its agricultural-products business. Excluding that unit, the company's \$4.5 billion in annual revenue is split about evenly between batteries and pet food.

Company officials did not return phone calls seeking comment.

T. Rowe Price, the mutual-fund company, has a big stake in Ralston Purina and supports its decision to

focus on batteries and pet food while shedding everything else, from baby food to ski-resort operations.

"Both businesses are reasonably attractive in that one has a major leading position and the other has a No. 2 position," said Arthur Cecil, an analyst with T. Rowe Price. The pet-food business has benefited from premium products with high margins, while Energizer batteries have held their own against Duracell, the market leader.

Ralston Purina, whose stock rose 87.5 cents Wednesday to close at \$99.8125, has been trading at about 28 times its earnings for the past four quarters, a premium to the Standard & Poor's 500-stock index, which is at roughly 25 times earnings.

But Colgate-Palmolive Co., maker of Hill's Science Diet pet food, is trading at 32 times earnings, and Gillette Co., the parent of Duracell, is trading at 40 times earnings. Both Colgate-Palmolive and Gillette have a wide variety of products, making it difficult to conclude exactly what kind of premium Ralston Purina's businesses could fetch.

But a split would probably be welcomed by shareholders. Over the past five years, Ralston Purina's stock has risen 127 percent, but that trails the 135 percent gain by the S&P 500.

Most recently, its stock has been buffeted by questions about whether Asia's troubles will depress profits. Ralston Purina has about half of the battery market in Asia, and its sales there account for about 12 percent of its revenue and 14 percent of its profit.

Ralston Purina warned investors in a recent regulatory filing that it expected weakened Asian markets to have a significant negative impact on future earnings. The company reported a 20 percent increase in earnings from continuing operations for the quarter ended in December.

The company also has shown signs of changing its insular culture. Executives have agreed to answer investor questions at a conference of New York consumer-stock analysts this week.

"I think Ralston is transforming from the Bill Stiritz era," said John McMillian, who follows the company for Prudential Securities. "Even though I get the feeling that Stiritz is still controlling the strings to some extent."

CURRENCY & INTEREST RATES

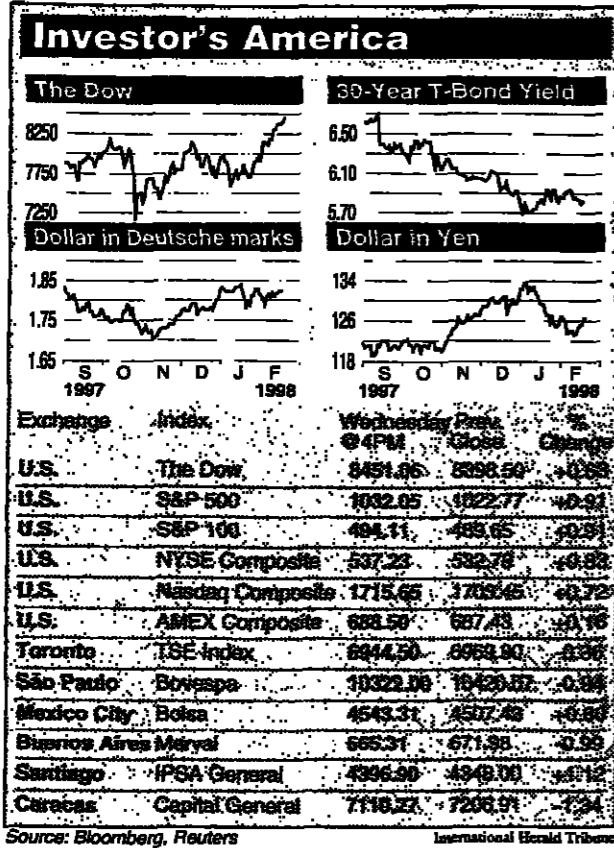
Cross Rates

	S	E	D	F	Ft	Lm	DK	AR	S.F.	Yen	Peso
American	1.2665	1.2664	1.2797	1.2747	1.2474	1.2475	1.2475	1.2475	1.2475	1.2475	1.2475
Argentina	1.2475	1.2474	1.2514	1.2503	1.2215	1.2215	1.2215	1.2215	1.2215	1.2215	1.2215
Australia	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Austria	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Belgium	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Bolivia	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Brazil	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Canada	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Chile	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
China	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Denmark	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Egypt	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Finland	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
France	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Germany	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Greece	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Hungary	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Iceland	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Ireland	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Italy	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Japan	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Korea	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Latvia	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Malta	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Norway	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Portugal	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Spain	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Sweden	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Switzerland	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
United Kingdom	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
United States	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484
Yugoslavia	1.2555	1.2554	1.2684	1.2673	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484	1.2484

Forward Rates

Currency	30-day	60-day	Currency	30-day	60-day</
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THE AMERICAS



Best of Both Worlds: A Strong Economy, Low Inflation

Steady Outlook for Profits Fuels Stocks

Compiled by Our Staff From Dispatches

NEW YORK — Stocks scored another record Wednesday as investors bought shares of companies that would be expected to post consistent earnings growth even as the economy slowed.

"People are paying up for stocks that you can see are steady and dependable for earnings this year," said George Wild, director of research at Heartland Capital Management in Indianapolis.

The Dow Jones industrial average rose \$2.56 points to close at 8,451.06. The Standard & Poor's 500 index rose 9.29 to 1,032.05, led by drugmakers and credit-card companies. The Nasdaq composite index rose 12.22 to 1,715.65.

U.S. bond prices fell as traders sought more evidence that Asia's slowdown was dragging on the U.S. economy, while companies prepared to sell about \$4 billion in debt with borrowing costs near record lows.

The benchmark 30-year Treasury bond was priced at 104 4/32, taking the yield up to 5.83 percent from 5.79 percent.

Despite the increase in bond yields, banks with credit-card businesses gained on expectations that lower interest rates would ease concern that consumers might fall behind in their payments.

As rates fall, consumers are refinancing their mortgages, and they can use the cash they get from the refinancing to keep current on their credit-card bills, CIBC Oppenheimer analyst Steven Eisman said. He raised his rating on Chase Manhattan Corp., which rose 3/4 to 12 1/4%. Cincorp fell 1/16 to 127 11/16, MBNA rose 3/4 to 35 1/16, and Household International climbed 3/4 to 141/4.

Sears Roebuck, for one, is not seeing the benefits of lower rates. The retailer said its credit-card profit would decline 20 percent in 1998 because more customers were falling behind on payments. The stock accounts for half of Sears' annual profit. Still, Sears shares rose 1 7/16 to 55 1/4.

Microsoft gained 1/4 to 154 1/4. Computer stocks have outperformed the market this year on expectations that profits will grow faster in that industry than for companies overall.

Hewlett-Packard rose 1/2 to 63 1/4 although the company said first-quarter net income rose less than expected as falling prices for printers cut profit from strong sales of personal computers.

Lucent's stock climbed 5% to 33 3/4.

Steelcase climbed 5% to 33 3/4.

from an initial public offering at \$28. The office-furniture maker sold 12.15 million shares for \$340.2 million. Steelcase, based in Grand

U.S. STOCKS

Rapids, Michigan, originally expected to sell the shares for \$23 to \$26 each.

Nike Class B shares rose 1/4 to 44 1/4 amid rumors that Warren Buffett's Berkshire Hathaway Inc. was buying more stock in the sneaker and apparel maker. Berkshire Hathaway already

has about a 2 percent stake in Nike. HomeUSA climbed after the Houston-based mobile-home retailer agreed to be purchased by Fleetwood Enterprises for \$162 million, or \$10.25 a share, in cash or stock. Fleetwood, based in Riverside, California, makes housing and recreational vehicles.

Xenova rose after the London-based pharmaceutical group formed with Eli Lilly to develop a blood-clot-inhibiting drug suitable for chronic use. Xenova and Metaxen, its majority-owned U.S. unit, will each receive as much as \$35 million in license fees and research funding.

(Bloomberg, AP)

Prices Fall as Home-Building Thrives

Compiled by Our Staff From Dispatches

WASHINGTON — A steep decrease in energy costs pushed prices at the wholesale level down 0.7 percent in January, the biggest one-month drop in more than four years, the Labor Department said Wednesday, while housing construction remained at a high level, indicating the U.S. economy is poised for more growth without inflation.

The producer price index, which measures prices before they reach the consumer, was held down by a 3.7 percent fall in energy prices, the

biggest drop since a 5 percent decline in February 1991, at the end of the Gulf War.

"The best of all possible worlds continues to get better," said Robert Dederick, an economic consultant with Northern Trust Co. in Chicago. "We remain with an economy that is strong and inflation-free."

The figures bolstered the belief held by many analysts that the Federal Reserve Board would not raise interest rates soon.

Despite the fact that a robust economy has pushed unemployment to the lowest levels since the early 1970s, inflation measured by the producer-price index and the more closely watched consumer price index has been well behaved.

In a second report, the Commerce Department said that construction of new homes and apartments remained at an annual rate of 1.5 million units in January. That was down 0.3 percent from the previous month, but December's performance had been revised sharply higher. Instead of a decline of 0.8 percent, the government said that construction of new homes and apartments actually rose 1 percent in December.

Cynthia Latta, an economist at DRI-McGraw Hill, said she thought the Fed's next move would be to wait in late summer to counter the impact of the Asian crisis on the U.S. economy. "That assumes we will have a slowdown in economic activity between now and then," Ms. Latta said. "At this point, it hasn't happened."

For all of 1997, wholesale prices fell 1.2 percent, and consumer prices rose just 1.7 percent. Many economists predict inflationary pressures will remain moderate this year, as the U.S. economy is flooded with Asian imports made cheaper by steep declines in Asian currencies.

The 0.7 percent decline in wholesale prices in January was the biggest decrease since a 1 percent fall in August of 1993, a dip that occurred because of falling tobacco prices.

The 3.7 percent decline in energy prices was the biggest drop in a four-month string of energy declines. Analysts have noted that the energy prices declines have continued even with growing worries of a possible outbreak of war with Iraq.

Excluding the volatile energy and food categories, the so-called core rate of inflation fell 0.1 percent, matching the December decline. For all of 1997, core prices at the wholesale level were up 0.1 percent, their best showing on record.

(AP, Bloomberg)

Flat Interest-Rate Outlook Hurts Dollar

Bloomberg News

NEW YORK — The dollar fell against other major currencies Wednesday on reinforced expectations that the Federal Reserve Board would not raise U.S. interest rates soon.

The yen rose against the dollar after a Japanese Finance Ministry official was quoted as saying Tokyo would not tolerate a weaker yen.

In 4 P.M. trading, the dollar fell to 126.380 yen from 126.565 yen Tuesday and to 1,8215 Deutsche marks from 1.8253 DM as a government report showed a big drop in U.S. producer prices.

"Numbers like this show inflation isn't a significant concern," said James McGroarty, chief currency manager at Potomac Babson Inc. "The Fed is on hold and isn't going to change rates."

The dollar also fell to 1.4710 Swiss francs from 1.4727 francs and to 6.1072 French francs from 6.1200

francs. The pound rose to \$1.6380 from \$1.6330.

The Jiji Tsushin-Sha news agency quoted an unidentified Japanese Finance Ministry official as saying the government would take action to

FOREIGN EXCHANGE

stop the yen from extending the weeklong slide that had weakened it by nearly 3 percent.

The remark fanned concern that finance ministers of the Group of Seven leading industrialized nations might consider efforts to bolster the yen at their weekend meeting in London.

In Japan, growing doubts that government package of economic measures to be released Friday would lift the country out of a seven-year slump weighed on the yen.

"The arguments are right that Japan won't do enough soon enough," said Gerard Lyons, chief economist

at DKB International. "But I wouldn't push the dollar higher ahead of the G-7."

Meanwhile, traders said they expected to continue favoring the mark in coming weeks amid a belief that German lending rates are on hold. The Bundesbank encouraged that perception, saying in a monthly report that exports had slowed and inflation was in check.

"The dollar is well unperformed," said Jeremy Stretch of NatWest Markets, "with the U.S. economy still going strong, while Germany isn't performing well, and export growth isn't expected to feed through into the domestic economy."

The Bundesbank said it saw no risk of inflation or deflation in the German economy. Steady Bundesbank interest rates would maintain the gap between U.S. and German rates that favors the dollar and helped lift it 1 percent against the mark last year.

Europe's Biggest

Lucent to Split 2-for-1 and Raise Its Dividend

Compiled by Our Staff From Dispatches

SECAUCUS, New Jersey — Lucent Technologies Inc. said Wednesday that its directors had approved a 2-for-1 stock split and that it intended to raise its quarterly dividend.

Lucent's stock, the second most widely held stock in the United States after AT&T Corp., is splitting for the first time since the phone-equipment maker's record-setting initial public offering, which raised \$3 billion in April 1996. The split will be paid April 1 to holders of record March 6. As of Jan. 30, Lucent had 650 million shares outstanding.

Lucent also formed a \$100 million venture-capital fund to invest in new technologies, including wireless equipment, data networking, semiconductors and communications software. They are expected to complement research at Lucent's Bell Laboratories division.

Lucent has rewarded investors with seven quarters of record revenue and profit that has topped expectations since its April 1996 split-off. It is betting that the new fund will ensure its place on the cutting edge of the industry. "Lucent has been targeting the highest growth opportunities," said Richard McGinn, the company's chief executive, who succeeded Harry Schacht as chairman Wednesday.

Lucent's stock rose \$5.125 to close at \$97.6375. The company was public at \$27 a share.

Mr. Schacht, who was hired by AT&T to lead Lucent after the spin-off, will be chairman of the investment fund. John Hanley, Lucent's vice president in charge of strategy, will be managing general partner.

(Bloomberg, Reuters)

INTERNATIONAL FUTURES

After April 1, Lucent will pay quarterly dividends of 4 cents a share, compared with 7.5 cents before the split.

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Low Inflation

Home-Building Thrives

Widest drop since a 5 percent
rise in February 1991, after
the Gulf War.The best of all possible
outcomes about employment tend to
degenerate quickly into shouting
matches between British-American
and Northern Trust Co. We remain
both in strong and inflationaryThe figures bolstered by
held by many analysts that
the Reserve Board would
interest rates soon.Despite the fact that a 4 percent
economic has pushed rates to
the lowest levels since
early 1970s, inflation measures
the producer-price index are
more modestly watched
the index has been well belowIn a second report, the
Department said that conve-
nient annual rate of
inflation in January
had been revised sharply
from 0.6 percent to 0.3 percent
and that consumer
inflation had been revised sharply
from 0.6 percent to 0.3 percent
in December.Mr. Brown's willingness to
know the darker side of Brit-
ain's employment record, as well as
his ambitious plans to help the
country's long-term unemployed
and working poor, could provide com-
mon ground for the opposing policy

But I

they ex-
the U.S.a coming
Germanold. The
per-
report
and infa-

granted.

West Mar-

tory still
are not
growth

out into

the Ger-

the gap

rates that

a 6.17

percent

the Ger-

the gap

the Ger-

NASDAQ

Wednesday's 4 P.M.

The 1,000 most traded National Market securities
In terms of dollar value, updated twice a year.
The Associated Press.

Singapore Liberalizes Its Financial Structure

Positioning Itself for Recovery in Region

Compiled by Our Staff From Dispatches

SINGAPORE — Singapore adopted a series of financial changes Wednesday, including allowing more of its surplus funds to be placed in private hands, to try to reposition itself as a financial center in advance of the region's recovery from its currency turmoil.

The changes, presented by Lee Hsien Loong, a deputy prime minister, would also free all stock-brokerage rates within three years, deregulate the fledgling unit-trust industry and speed approval procedures for share offerings.

The measures are also aimed at letting the public "decide for themselves what they want to invest in and what risks to accept," the government said. Among the measures was a move to encourage government-linked corporations and statutory boards to borrow from Singapore's debt market, where there are no long-dated corporate bonds at present.

"It is not our intention to turn the financial sector upside down overnight," Mr. Lee said, but he said Singapore was laying a framework for regional business, which is expected to pick up again after eco-

nomic problems caused by the currency crisis dissipate.

"We are doing this for the medium and long term," he said, insisting that Singapore would not compromise its standards of integrity and supervision in the deregulation process.

He said the government wanted to improve the financial sector within the existing structure.

"You have a working system, and you want to improve it," he said. "You can't liberalize overnight, but we can do it over time."

Analysts said the changes, nearly all adopted from recommendations by a top private-sector advisory panel, had largely been expected and were part of Singapore's effort to expand its range of financial products to keep pace with those offered by competitors such as Hong Kong.

"It's a positive development and geared for the long term, but we had expected the government to adopt these reforms," said John Doyle, financial analyst with Union Bank of Switzerland in Singapore.

Timothy Wong, head of research at Vickers Ballas, said: "The news is significant in that it is a step in the



HELLO, MOM! — A man using a Telstra Corp. pay phone in Sydney. Telstra's first-half profit soared to 1.61 billion Australian dollars (\$1.08 billion) from 742 million dollars.

right direction. But the near-term concern is still the regional crisis and its potential impact on corporate earnings."

Singapore is the least affected by the sharp erosion in the value of regional currencies against the U.S. dollar, which has slowed economic growth and caused neighboring nations to make changes in their economic and financial systems.

The prosperous city-state has billions of dollars in public-sector funds, including a huge pension system, available for investment, but the government has so far adopted a con-

servative investment policy.

Public-sector funds account for 5 percent, or 6.5 billion Singapore dollars (\$3.93 billion), of the 125 billion dollars of funds managed out of Singapore.

The advisory panel proposed that this be raised to 20 percent, but Mr. Lee said the ceiling was still being worked out. He also said that as part of reforms, Singaporeans should be able to use their savings in the state-run Central Provident Fund to buy securities listed on the stock exchange that are denominated in foreign currencies. (AP, Reuters)

Change of Outlook at Taiwan Bank

By Thomas Crampton
International Herald Tribune

BANGKOK — While Taiwan's central bank is issuing assurances that there will be a continuity of policy in its transition to a new governor, economists and bankers said Wednesday that the prime candidates to lead the institution were likely to speed opening of the island's economy.

The previous governor, Sheu Yuan-dong, whose conservative policies were credited with helping stabilize Taiwan through Asia's economic turmoil, was killed Monday in a plane crash at Taipei's Chiang Kai-shek Airport.

Taiwan's economy has resisted the collapse that has beset other countries in the region. On Wednesday, the government released quarterly growth statistics that outstripped all estimates.

The Directorate General of Budget, Accounting and Statistics reported that the economy grew 7.08

New Chief Expected To Open Economy

percent in the fourth quarter of 1997 compared with a year earlier, pushing full-year growth in 1997 to 6.81 percent. The chief of the directorate, Wei Duan, said the quarterly gain, the highest since a reading of 7.55 percent in 1991, came as consumer-price inflation for the year hit a 10-year low of 0.90 percent.

While analysts say economic policy will not change overnight, virtually all of the candidates likely to succeed Mr. Sheu as central bank governor are likely to pick up the pace of reform.

Mike Chang, senior vice president and general manager of international banking at Chang Hwa Commercial Bank, said: "Almost all the possible governors have studied abroad, and they all have very international outlooks. They are also all much younger than Mr. Sheu, so they will perhaps be more

active in the post and with liberalization."

While the new bank governor will be announced next week, people in Taiwan's financial community have narrowed down the list to a handful of candidates, with Paul Chiu, the reform-minded finance minister, as the leading contender.

Other possible candidates to serve as governor until 2000, when the current term runs out, include the central bank's deputy and acting governor, Patrick Liang; the chairman of the Bank of Taiwan, Lo Chi-Tang; a minister without portfolio, Shirley Kuo, and the chairman of International Commercial Bank, Perng Fai-nan.

Despite being one of the world's top trading nations, Taiwan has a currency that cannot be freely exchanged, and its economy remains relatively closed to foreigners.

Liberalization moves could include lifting the 30 percent ceiling on foreign ownership of listed companies, issuing more licenses to

foreign commercial banks and securities companies, and allowing foreigners to invest more freely in bonds and commercial paper.

"Looming over all issues about liberalization is, of course, internationalizing the currency," said Francis Yu, director of SBC Warburg Dillon Read in Taiwan. "But I don't see any rush to change that."

The earnings announcement came after the close of trading on the Tokyo stock market. Honda shares closed at 4,530 yen, down 70.

Paul Chiu, a reformist, is a top candidate as central bank head.

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Sales Gains Abroad Lift Honda Profit

TOKYO — Honda Motor Co. said Wednesday that its group profit for the three months to December rose 5.3 percent to a quarterly record and said it expected another record performance for its full year ending in March, helped by strong sales in North America.

Honda said group net profit, or net profit at Honda and its units, rose to 65.20 billion yen (\$515 million) in the October-December period as sales in North America made up for a slump at home and in the rest of Asia. Group sales rose 16.6 percent to 1.55 trillion yen in the period, also a quarterly record.

On a pretax basis, Honda's group profit in the October-December quarter was 26 percent higher than a year earlier, as Honda had to make a hefty corporate tax payment for the last business year, when its profit more than tripled.

"The good result was primarily

due to solid sales in the North American market," Honda spokesman said.

"We are quite optimistic about achieving our full-year earnings forecasts."

In November, Honda predicted its full-year group net profit would be 250 billion yen, surpassing its record annual profit of 221.17 billion yen the previous year.

Honda said its Accord model had good sales in North America after new models were introduced in September. The year's weakness, coupled with continued cost-cutting, contributed to Honda's earnings in the third quarter by making its products more competitive overseas.

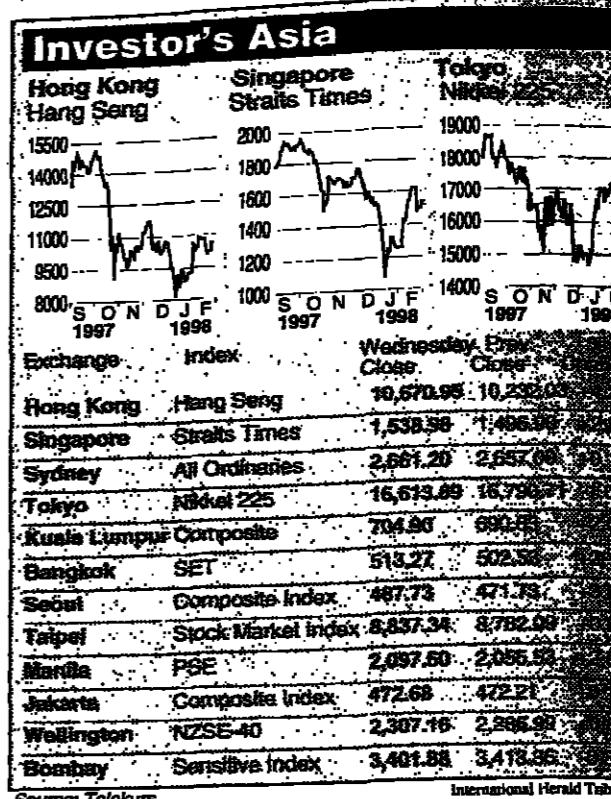
The Honda spokesman shrugged off the possibility of any major damage to earnings from Asia's currency problems, which have already forced it to cut production in the region.

"The Asian region accounted for only 2 percent to 3 percent of our total annual group sales," he said.

"Given the limited scale, do not expect any major impact from this."

Takaki Nakanishi, an analyst at Merrill Lynch in Tokyo, said the North American vehicle market in general could suffer a slowdown in the next business year, with South Korean and some U.S. carmakers possibly ready to increase price competition in the market.

The earnings announcement came after the close of trading on the Tokyo stock market. Honda shares closed at 4,530 yen, down 70.



Source: Telekurs

International Herald Tribune

Very briefly:

• Thailand's finance minister, Tarrin Nimmannathammada, said the government would unveil a three-year plan Tuesday to strengthen the country's banking and financial sector that would require financial institutions to adopt stricter reserve provisions and accounting practices.

• Australian dockworkers in Melbourne protesting the start-up of a nonunion stevedoring company returned to work as the maritime union planned its next move in the dispute.

• Ford Motor Co. applied to set up a 6.18 billion peso (\$153.4) car-assembly plant in the Philippines, a senior trade official said.

• Australian Consolidated Press, Kerry Packer's magazine unit, raised its holding in Vietnam Investment Review Ltd., publisher of the country's only foreign-owned English-language weekly newspaper, to 100 percent from 70 percent. Sources said the transaction involved a cancellation of debt and no cash.

• Edaran Otomobil Nasional Bhd.'s finance company, EON Finance Bhd., agreed to merge with Gadek Capital Bhd. in Malaysia's third finance-company merger in less than two months.

• South Korean prosecutors said the country's companies could lose 1.25 trillion won (\$771.4 million) in sales because of the illegal transfer of semiconductor technology to a Taiwanese company, Nan Ya Technology Corp.

• Daewoo Motor Corp. upheld its pledge to invest \$1.5 billion in Poland by 2001 despite economic problems in South Korea, a senior executive at the automaker's flagship Polish plant said.

• Fletcher Challenge Ltd., a New Zealand-based industrial, forestry and energy company, reported a 53.5 percent increase in its second-half profit, to 413 million New Zealand dollars (\$240.9 million).

• GE Capital Services plans to set up a joint venture with Toho Mutual Life Insurance Co. April 1 to sell life-insurance products in Japan.

Reuters, AFP, Bloomberg

SPONSORS: Corporate Goals vs. Olympic Ideals in Nagano

Continued from Page 13

way Japan, are "Gold Sponsors," giving them rights in Japan for the Nagano games only — and use of the Olympic rings in their advertising.

"Corporate sponsors help make the Olympics accessible to the world," said Scott McCune, director of worldwide sports for Coca-Cola, which began Olympic sponsorship in 1928 by sending the U.S. team to Amsterdam with some Coke.

A 1996 poll by The Associated Press, conducted just as the Atlanta Olympics began, found that 66 percent of Americans felt commercial participation was necessary; just 29 percent thought the Olympics had become too commercial. And 86 percent said a company's sponsorship has no bearing on their buying habits.

"That told me that everything and everyone is for sale," said Susan Hoenig, head of the sports administration department at Robert Morris College in Pittsburgh.

"I've gotten used to seeing it all over athletes," she said. "I'm used to skiers holding their skis so you can see the 'Rossignol.' But when I see sports announcers and the head of the IOC doing that, it becomes jarring."

Though not an Olympic sponsor, Nike is a major presence in Nagano. Its ath-

letes number in the thousands and its logo no longer requires the accompanying word "Nike" to be recognized.

"I'm not depressed at being a ubiquitous symbol," said Vizhier Corpuz Mooney, a Nike spokeswoman. "Yes, the things that we do as a sports company are becoming news themselves. But we're just doing what we do."

Ultimately, the question is this: Does what corporations add to an Olympics outweigh concerns about money-making ventures being so crucial to what, theoretically, is supposed to be a final bastion of sport for sport's sake?

"There are no total tyrants and no totally good people in this," said John Lucas, a Penn State professor emeritus who has been researching the Olympics for 35 years. "But as long as we are alive, it is impossible to exclude the corporate sector."

ITALY: Prodi Begins to Roll Out a Series of Free-Market Reforms

Continued from Page 1

with plans to introduce more disclosure requirements and improved corporate governance rules for publicly quoted companies on the Milan bourse, and the Consob stock market regulatory authority will strengthen its protection of small investors.

What is surprising about the new drive toward deregulation is that while there have been some complaints from trade unions and opposition leaders, the Prodi deregulation plan, especially the package concerning the state bureaucracy, has sparked relatively little in the way of mass protest.

Silvio Berlusconi, leader of the center-right opposition, on Wednesday welcomed the changes to the stock market, but criticized the government's approach on bureaucracy and retailing as a "shift from a dirigiste vision of the economy to a wildly free-market approach."

Mr. Berlusconi said he agreed "with the principle of introducing private-sector concepts in the public sector." But Mr. Berlusconi contended in an interview that "the way the government is moving seems to us a way of getting rid of those senior bureaucrats who are not politically in line with the government, and putting their own people in, as in a regime."

Mr. Prodi and other government officials deny vociferously that there is any attempt to pack the bureaucracy with political nominees. According to Franco Bassanini, the minister responsible for shaking up the bureaucracy, "We do not plan to have thousands of political appointees, as is the case in Washington when a new administration takes office, but we do want to be able to change senior officials on the basis of merit and efficiency."

Some wildcat union movements have also protested about the rules affecting public sector employees, but the response from Italy's three official trade unions — the CGIL, CISL and UIL — has been fairly muted, even cooperative.

By contrast, the last time anyone in

France spoke of curbing the privileges of public-sector employees, in 1995, a finance minister lost his job and militant unions took to the streets, threatening social cohesion.

In Germany, meanwhile, attempts to liberalize the retail sector have produced limited results, while repeated efforts to liberalize the state bureaucracy have stalled in Parliament.

"The opposition to reforms in Italy is less visible than elsewhere in Europe," said Ken Wiatrek, an economist at Lazard Frères in London. "because a series of Italian governments have had to tackle longer term economic reforms anyway, including radical fiscal policies, in order to qualify for the single currency. And so a culture of reform has been established and it is a climate more conducive to sweeping reforms than in other countries such as France and Germany."

In Frankfurt, Norbert Walter, chief economist at Deutsche Bank, said the reason Mr. Prodi has been able to launch the deregulation measures is that "this is a consensus society, which can be led to the middle only by the center-left."

"If Helmut Kohl did this in Germany," said Mr. Walter, "he would be accused of representing rich people and big business, but in Italy the center-left can argue that globalization doesn't leave them any alternative and they can get away with it."

Mr. Walter said the same type of liberalization moves had been pushed through by center-left governments in Holland and Sweden, where the governments also had close ties to unions.

Innocenzo Cipolletta, director-general of Confindustria, the Italian employers' federation, agreed, saying that "in Italy it has been the left and the trade unions that have traditionally engaged in street protests, but the left and the unions here are in a tacit nonaggression pact with the government."

Mr. Cipolletta also stressed that the Prodi government had softened the political impact of its measures by limiting the extent of pension reform and by

promising to introduce legislation requiring the introduction of a 35-hour working week.

"The reforms of retailing, the stock market and the bureaucracy are good reforms, and they go in the right direction, but they do not really hit the pocketbook interests of most voters on the center-left," he said.

Opposition to retailing deregulation, for example, has come from Sergio Bille, head of the Confindustria traders' and retailers' association, whose members tend to favor the center-right more than the governing center-left coalition. Mr. Bille has argued that the abolition of licenses for retailers that open shops of up to 300 square meters will mean financial hardship for shop owners who traditionally pay high prices for licenses and consider these to be an asset that can be sold along with the rest of their business.

Mr. Berlusconi suggested a more gradual approach for the reform of retailing, saying that "to eliminate all licenses immediately will damage family businesses and cause anarchy." The opposition leader also said the retail sector reforms would "hit a group of people who are not part of the Prodi government's electorate."

Mr. Berlusconi also criticized the government's plan to introduce legislation mandating a 35-hour working week, calling it "economic suicide" and noting that the only reason the plan exists is because it was the price Mr. Prodi had to pay during a political crisis last October in order to avoid losing the parliamentary support of the far-left Refounded Communist Party.

Mr. Prodi instead insisted that an accord on the legislation would soon be reached between the government, trade unions, the business community, and the Refounded Communists.

"We have not yet found the right accord, but we will achieve this without damaging social cohesion," he said. "The government wants to talk to all social parties."

The 19th Oil & Money conference will be held on November 17-18 in London. This major international energy forum will be addressed by oil ministers from the world's largest producing nations as well as senior oil industry executives. For further details, please contact Brenda Erdmann Hagerty in London on Tel. (44 171) 420 0307. E-mail: bhagerty@iht.com Fax: (44 171) 836 0717.

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INTERNATIONAL Herald Tribune

SPORTS

THURSDAY, FEBRUARY 19, 1998

WORLD ROUNDUP

Rangers Fire Coach

ICE HOCKEY Colin Campbell, who took the New York Rangers to the National Hockey League's Conference finals last season, was fired Wednesday as coach.

No successor was chosen, but separate reports suggested that he would be replaced either by John Muckler, former coach at Edmonton, or E.J. McGuire, coach of the team's American Hockey League affiliate in Hartford, Connecticut.

Campbell, 45, had a 118-108-43 record in three and a half seasons. But this season the team, with a payroll of \$44 million, highest in NHL history, is 17-24-16. (AP)

Veterans Beat League

BASEBALL A group of 384 former players was awarded \$58,000 and interest for royalties owed by major league baseball for the use of their pictures and names. The players sued major league baseball, and its marketing arm in Alameda County Superior Court for breach over payments for several products, including trading cards. (AP)

Go Ahead for Belgian GP

FORMULA ONE The International Automobile Federation (FIA) has given the green light to Spa-Francorchamps to stage the 1998 Belgian Grand Prix, the Walloon regional government said Wednesday. The FIA had threatened to cancel the race, scheduled for Aug. 30, after the Belgian government decided 1 to ban all tobacco advertising and sponsorship from Jan. 1, 1999. (Reuters)

Test Fizzles Out

CRICKET The first test between South Africa and Pakistan in Johannesburg was abandoned Wednesday because of bad light and lack of enthusiasm — there was little chance of any result other than a draw. After the game both teams were fined for the slow rate at which they bowled their overs.

Rashid Latif, the Pakistan captain, said his team had debated returning home because of persistent speculation over the mugging of two players, Mohammad Akram and Saqlain Mushtaq. The police have been investigating claims the two players were seen at a Johannesburg night club at the time of the alleged attack. (Reuters)

Royle Hired To Retool Manchester City Club

Reuters

Joe Royle, former manager of both the Oldham and Everton soccer clubs, took over at Manchester City on Wednesday after Frank Clark was dismissed.

Royle, 47, signed a two-and-a-half-year deal with City, which has won the English championship twice but is now second-from-last in the first division. That is the lowest position in the club's history and 43 places below its local rival, Manchester United. City has 15 more matches this season, and if it remains in the bottom three places of the first division it will be relegated to the second division.

"I have no qualms or worries about the situation," Royle said. "We have problems, but they are not unsolvable."

Royle played for City from 1980 to 1980. He left as Everton's manager in March 1997. "City means a lot to me," he said.

■ Greeks Go Easy on a Colleague

Greek lawmakers agree that fan violence at soccer matches is unforgivable — unless the alleged hooligan is one of their own. The Associated Press reported from Athens.

Ignoing an appeal by a public prosecutor, a strong majority of the 300-member Greek Parliament voted not to strip a fellow deputy, Yiannis Tsaklidis, of his immunity from prosecution after he was accused of beating a soccer referee following a first-division game last year.

In a vote late Tuesday, 187 of 254 deputies present opposed allowing Tsaklidis' prosecution, despite the lawmaker's admission that he threatened the referee in January 1997. The decision was published Wednesday.

Tsaklidis allegedly beat the referee at a match between Kavalla, the team he supports, and visiting Olympiakos Piraeus.

He rushed onto the field after fans complained that the referee was favoring Olympiakos, which won the match, 2-1.

Tsaklidis denied hitting the referee, but admitted to Parliament that he threatened the man with violence.

"I told him I could beat him up if I wanted because I'm a deputy and I have immunity," Tsaklidis said.



Steffi Graf hitting a backhand in her victory Wednesday over Andrea Glass at the Faber Grand Prix in Hannover.

A Bit Rusty, But Same Old Steffi Graf Rolls in First Singles Match Since Injury Forced 8-Month Layoff

The Associated Press

HANNOVER, Germany — Steffi Graf rolled to an easy two-set victory Wednesday in her first singles match in more than eight months.

Displaying no signs of the knee injury that sidelined her for so long, Graf beat a fellow German, Andrea Glass, 6-4, 6-2, in a second-round match at the world, or Magdalena Maleeva of Bulgaria, ranked No. 24 in the \$40,000 Faber Grand Prix.

"I'm not happy with everything today, but I will clearly have the feeling I can make it," said Graf, whose injuries forced her to delay her comeback five times and led to speculation she would never return.

Graf, who held the top ranking for a record 374 weeks, had already tested the knee in a doubles victory Monday, playing competitively for the first time since a loss to Amanda Coetzer at the French Open on June 3.

On Wednesday, Graf sometimes struggled with her backhand and committed numerous unforced errors against Glass, who is ranked 95th in the world. At the start of the second set, Graf threw her racket in frustration.

"I know I can play better — I made a lot more errors than in practice," she said. But she still won in 64 minutes as 4,000 spectators stomped their feet and cheered wildly after match point.

Graf, 28, will face a tougher opponent in her quarterfinal match Thursday or Friday, playing either Sabine Appelström of Belgium, ranked No. 24 in the world, or Magdalena Maleeva of Bulgaria, ranked No. 24.

"I don't really care who I play," Graf said. "I'm just happy to be back. I've worked really hard for this."

The seven-time Wimbledon champion had her left leg surgically repaired for fractured cartilage and a ruptured panniculus shortly after losing to Coetzer, then underwent intensive therapy. Until two months ago, Graf said she wasn't sure her knee would allow a comeback.

"The knee is in very good shape after the operation, but of course, it will never be perfect," she said.

In Graf's absence, Martina Hingis has taken over the No. 1 ranking. But Graf, who has won 21 Grand Slam titles, said Monday that she was still ambitious. "If I didn't have that ambition, I shouldn't have come back," Graf said.

Despite letting a 5-2 lead slip away in the first set, as her backhand errors mounted, Graf also moved easily around the court and flashed the powerful forehand that once dominated women's tennis.

■ Heinman an Early Exit Again

TOM Heinman, ranked No. 17 in the world, crashed to his fourth consecutive first-round defeat when he lost 7-5, 6-3, to an unseeded Swede, Magnus Norman, in the European Community tennis championship. Reuters reported from Antwerp.

Greg Rusedski, the fifth seed, beat the rising Moroccan star, Hicham Arazi, 7-6, 6-3, 6-3, after a tense duel.

Heinman, last year's losing finalist in Antwerp, said the string of early exits was eating away at his self-confidence, but that he hoped to turn the tide soon.

"I'm not the first player to struggle with confidence and I won't be the last," said the eighth seed. "There is nothing you can do about it. If I can keep working at my game, I know I'll come out the other side and the wins will come."

Man Facing Jail Over Shoe in a Boys' Game

The Associated Press

MILFORD, Connecticut — Kyle Bova was a 13-year-old Little League player when he realized that sometimes adults take the game of baseball very seriously.

What started out as a game played by 10- and 11-year-olds on Oct. 5, 1996, ended on Tuesday, putting Kyle against one of the coaches.

The freckled-faced boy, now 15, took the witness stand to testify that coach Richard Burns, 39, shoved him after an emotional game. Burns was charged with breach of peace for allegedly shoving Kyle into a fence.

Kyle had called off the game in the second inning because the adult coaches screamed at the calls.

"It didn't finish because the coaches got out of hand," Kyle said. "They were yelling and got thrown out of the game."

The youngump, still wearing braces on his teeth, told a state prosecutor, Mark Hurley, that he ordered the coaches off the field "for swearing and unsportsmanlike conduct."

He said Burns marched his team off the field and then returned and pushed him into a gate. "He pushed me from my shoulder into the fence," said Bova, who was a seventh-grader at the time. "My back hurt a little bit."

After the brief game between the Milford International team and the Burns Construction team, Bova told his parents what happened and they took him to the police department to file a complaint.

The breach-of-peace charge is a Class B misdemeanor that could bring a sentence of six months in prison and \$1,000 fine.

A defense attorney, Daniel Shapiro, said Burns refused to plea bargain and demanded a trial because "my client says he's innocent. That's why we're here."

A second prosecution witness, David Hill, backed up Bova's account. Hill, an assistant coach for the Milford International Team, said Burns made "quite a scene" when the umpire made a call he didn't agree with, and exhibited particularly malicious behavior toward Kyle.

"He shoved Kyle Bova, almost viciously, into the fence," Hill testified.

See Friday's *Intermarket* for full story & travel, Residential Real Estate and Dining Out.

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Announcements

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FRANCE (zone C) en FF: 1- TVA 20%
GO 369 FDF 322
SC97 541 FDF 525

UK (zone B) en 1- TVA 15% (hors 5%)
GO 5324 FDF 5346

ALLEMAGNE (zone D) en DDM: TVA 15%
GO 100 FDF 100

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INTERNATIONAL Herald Tribune

WINTER OLYMPICS

THURSDAY, FEBRUARY 19, 1998

PAGE 22

With Ease, Czechs Send U.S. Hockey Team Home

Despite NHL Stars, Americans Miss Medal Round

By Rachel Alexander
Washington Post Service

NAGANO, Japan — It was hard to tell whether pain or shock was registering on the faces of the American hockey players on Wednesday, since they were holding their heads down for so long.

A 4-1 quarterfinal loss to the Czech Republic had knocked them out of the Olympics, and as they skated toward the Czech team to shake hands, no one seemed to want to look up at the scoreboard and face the truth.

Stocked with National Hockey League players for the first time, the U.S. squad blew chance after chance here, finishing sixth out of the eight teams in the tournament's main draw. In four games, the Americans defeated only one team, Belarus, and in their three losses, they were outscored, 12-4.

"This was the biggest waste of time, ever," the team's alternate captain, Keith Tkachuk, said. "I hate to be negative, but this is disgusting. We deserve to be out of it; we didn't play well from the start."

"It's devastating. From the opening shot, we weren't well enough to do anything. We were just a big disappointment."

The United States, winner of the 1996 World Cup, was expected to compete for a gold medal and players said they had never considered going home without even playing a medal-round game. Another gold-medal favorite, Sweden, was also knocked out of the tournament on Wednesday by Finland, 2-1. Canada rolled over Kazakhstan, 4-1, and Russia defeated Belarus, 4-1.

Finland's victory was a major surprise, but looking back on the tournament, it was hard to call the Czech victory an upset. The Czechs, who have 12 NHL players, won two of their three round-robin games, falling only to Russia, 2-1.

The Americans lost their first game to Sweden, 4-2, starting the game strong but then looking lost on the international ice surface, which is larger than an NHL rink. They then defeated Belarus, 5-2, but the game was much closer than the score indicated. By the time they got to their third and final round-robin game, a much-hyped matchup with Canada,

OLYMPIC SCHEDULE

THURSDAY, FEB. 19
ALPINE SKIING, Slalom — Women: Slalom, 9:30 a.m. Men: Giant Slalom, 11:15 a.m.
BIATHLON, Norway — Women: 4x5 km relay, 1 p.m.
HOCKEY, Combined, Hokkaido — K-10 Team, 9:30 a.m.
SHOOTING, SPEEDSKATING, Nagano — Women: 500 meters, 7 p.m. Men: 500 meters preliminary, 7 p.m.; 3,000 meters relay, 8 p.m.
SWIMMING, Nagano — Women: 1000 meters, 3 p.m.
FRIDAY, FEB. 20
ALPINE SKIING, Slalom — Women: Giant Slalom, 9:30 a.m.
BIATHLON, Norway — Four-Man: 3 p.m.
CROSS-COUNTRY SKIING, Hokkaido — Women: 30 km, 5 p.m.
FIGURE SKATING, Nagano — Women: Free skate, 7 p.m.
ICE HOCKEY, Nagano — Men: Semifinals, Czech Republic vs. Canada, 2:45 p.m.; Russia vs. Finland, 4:45 p.m.
HOCKEY, Combined, Hokkaido — K-10 Team, 1 p.m.
SPEEDSKATING, Nagano — Women: 3000 meters, 3 p.m.

the Americans looked more comfortable on the ice surface. They struggled against goaltender Patrick Roy, however, and the defense often made mental errors in a 4-1 loss.

On Wednesday, the U.S. players created more scoring chances than at any other time in the tournament, but they were simply unable to finish all but one of their 39 shots to finish with 11 goals, while the Czechs had 18.

"We had a number of chances but Dominik Hasek was just unbelievable," said Ron Wilson, the U.S. Coach. "It just seemed we couldn't finish off, especially in the last two games, the opportunities that we managed to create."

On Tuesday, Wilson tried to give his players some extra motivation for this game by letting the team's trainer, Juergen Merz, shear his hair to a close-cropped crew cut. Wilson had a similar hairstyle at the World Cup and was apparently trying to remind his players of that more productive time. He also showed a video before the game that included scenes from the movies "Network" and "Animal House."

Neither technique worked, though. Part of the problem was Hasek, who may be able to propel the Czech Republic to a medal if he continues to play this well. But Hasek wasn't the reason the Americans allowed the Czechs to score four goals. The defensive lapses that plagued them throughout the Games showed up again and their goaltender, Mike Richter, did not spark.

The forward corps were not great success stories either. They often failed to skate back and help the defense when opponents were in their zone, and when they had the puck they had trouble scoring.

"I think we coped pretty well as a team, but the bottom line is that we just didn't score goals," a forward, John LeClair, said. "That's something you need to win, and obviously one of the reasons I was on the team, and I was not able to contribute."

"I'm extremely disappointed," LeClair added. "It was an honor to play in the Olympics but we didn't just come over here to play, we came here to win."

Compared to some of the Europeans and to the Canadians, who believe they are here on a mission for God and country, the Americans



Three Czechs defending Dominik Hasek, top, and his goal from an American attack.

seemed less intense both on and off the ice.

"For our little country, we have a lot of pride — we needed to accomplish something for Czech," a defenseman, Petr Svoboda, said. "We did have more passion, yes."

Responding to criticism that the Americans spent too much time sampling Nagano's local nightlife and not enough time practicing, winger Brett Hull said he had been in bed by 8 P.M. on eight of the past 10 nights, doing crossword puzzles. He wasn't sure what was such a good idea, however.

"That more than anything was a downfall for us — it was almost stifling," he said. "Maybe if we did something to relax a little more, we would have done better."

Many of the players contested the intense high of winning the World Cup to the intense low of Wednesday's loss, although none of them thought this result would mean a step back for USA Hockey. Still, the frustration was overwhelming.

"I'm very disappointed — we came here with the expectation of winning a gold medal," Wilson said. "This is something that will always be in the back of my mind: 'what if?'

In the other games, *The Associated Press* reported:

Canada 4, Kazakhstan 1 Wayne Gretzky had two assists and Patrick Roy stopped 16 shots as Canada beat Kazakhstan.

The victory set up a showdown in Friday's semifinals between the goalies Patrick Roy and Dominik Hasek.

"He's a great player, up there with the best players in the game," Gretzky said of Hasek. "One player doesn't beat a team, though."

Canada and Russia, both 4-0, are the only

teams with spotless records. The Canadians have outscored opponents, 16-4, in four games.

Playing its first Olympic hockey tournament, Kazakhstan was outscored, 25-6, in three round-robin losses. "The Canadian team served as the teacher," the Kazakh coach, Boris Alexandrov, said. "It was a major learning experience to play against such stars."

Joe Nieuwendyk and Shayne Corson scored 42 seconds apart in the game's first 2:13 to give Canada a 2-0 lead before a rancorous partisan crowd. The Kazakhs scored 1:14 minutes later when Konstantin Shafranov wriggled a shot through the legs of a Canadian defender that bounced off Roy's stick and into the net.

Late in the second period, Brendan Shanahan and Steve Yzerman made it 4-1 with goals 32 seconds apart, both assisted by Gretzky assists.

Finland 2, Sweden 1 Teemu Selanne scored twice in the third period as Finland eliminated the defending Olympic champion. The Finns will face Russia next.

Sweden was without its standout defenseman, Ulf Samuelsson, who played in three games before being banned from the Olympics for having both U.S. and Swedish passports. Selanne, the top scorer in the NHL this season, opened the scoring with 15:48 remaining. When Brett Hull scored, he was as committed to the Olympic effort as the next guy, one realized he was sitting on the adjacent bar stool with Hull, Chris Chelios and other U.S. players at a Nagano night spot after a game.

It was shameful that only a few players from the U.S. men's team showed up at Big Hat arena for the women's 3-1 victory over Canada.

Ray Bourque found the time to cheer for the Canadian women. So did Wayne Gretzky, Rob Blake, Patrick Roy, Keith Primeau, Adam Foote and Chris Pronger. Eric Lindros rose to his feet several times to lead ovations. Rob

Women's Hockey: A Dream Grows Up

By Helene Elliott
Los Angeles Times Service

Zamuner waved a Canadian flag to stir applause for the women's valiant effort.

The U.S. men were in a team meeting that coincided with the women's game, even though coach Ron Wilson and several players had declared they would attend to show their support. That's the kind of support the women used to get — no support at all. Not that it stopped them.

That's what girls did, it seemed. We dreamed of being something but often settled for something less, either because there was no

VANTAGE POINT

opportunity to achieve what we wanted or because we felt compelled to defer to what our male relatives thought was best for us.

When Cammi Granato was growing up in the Chicago suburbs, she didn't want to be like Dennis Savard of the Blackhawks, she wanted to be Savard. When AJ Mleczko was a kid in Connecticut, tagging along with her brother to play hockey, she wanted to be Kelly Kisio and some of the other players she admired on the Rangers.

They were laughed at. They were told hockey was a sport for boys. Their neighbors scolded their parents for letting them play. They had to tuck their hair under their helmets and register under their initials or male first names to be allowed to play.

But they played. And it wasn't necessary to understand or like women's hockey to be touched by the spirit of the U.S. women's team brought to these gray, passionless Games on Tuesday when they won the gold medal at the first women's Olympic tournament.

They wanted to be here. They sacrificed to be here. For them, this is the pinnacle of their athletic lives. Their male counterparts have given every indication they regard this whole experience as an annoyance. When Brett Hull said he was as committed to the Olympic effort as the next guy, one realized he was sitting on the adjacent bar stool with Hull, Chris Chelios and other U.S. players at a Nagano night spot after a game.

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GAMES: Kwan and Lipinski Are 1 and 2

Continued from Page 1

It is also the theme of her long program Friday to "Lynn Angelica," said William Alwyn's concert.

"When I'm on the ice, I don't think anything can stop me," Kwan said. "I'm really confident on the ice. Even off the ice, I might think too much, but when I walk on the ice, it's O.K. It's like medicine."

It was during Lipinski's rise that the Kwan-Lipinski rivalry was born. After the 1997 world championships, in which Kwan finished second to Lipinski, this pair was labeled the future of women's figure skating and figured to duel it out through the 1998 Olympics.

When the 1997-98 season began last fall, it was Lipinski's turn to be second best. She lost to Kwan at Skate America in October.

Then Lipinski finished second at Trophée Lalique in November, facing heavy criticism for a tiny technical flaw in her lutz, which appears to have been corrected.

Many wondered whether she was cracking under the pressure of having been the youngest female to win the world title.

Meanwhile, Kwan's season took a different sort of nosedive. A stress fracture in her foot flared up in November and forced her to miss two months of competition. As Lipinski seemed to be recovering from her difficulties with a victory in the Champions Series final in December, Kwan was still rehabilitating.

Yet at the U.S. nationals, her first competition after the injury, Kwan finished first as Lipinski fell during the short program and finished second.

There would be no repeat of past mistakes Wednesday night.

"It's fun," Lipinski said. "I didn't want to get off the ice. Tonight was so memorable, it was even better than words." In 1997, "It's just a feeling I can't describe."

The Olympic gold medal seems to have become the province of either Kwan and Lipinski.

"In my start pose," Kwan said, "I thought: Ready or not, here I go."

Turns out, she was ready. So was Lipinski.

Judges Vote for Elegance Over Joyful Exuberance

By Jere Longman
New York Times Service

NAGANO, Japan — Tara Lipinski issued a challenge with the performance of her life Wednesday and Michelle Kwan answered with a short program that was deliberate and safe, but precise and refined under pressure. The judges have shown that they favor elegance in the Winter Games and Kwan is one of the most artistic skaters of all time.

Kwan, 17, the 1996 world champion, made a more sophisticated choice of music, costume and choreography than the 15-year-old Lipinski. While Lipinski skated to movie music from "Anastasia," Kwan chose a piano trio and concerto by Rachmaninoff that built to a crescendo into her triple toe loop. She is two years older than Lipinski, and those two years of maturity are likely to make the difference between a gold medal and a silver if Kwan skates cleanly in Friday's long program.

Lipinski landed a more difficult triple lutz-double loop combination to Kwan's triple lutz-double toe loop, and Lipinski also performed a more challenging triple flip to Kwan's triple toe. But while Lipinski is a tight, quick jumper, Kwan seems to savor each jump, flowing out of her Axel, lutz and toe loop with extended gracefulness.

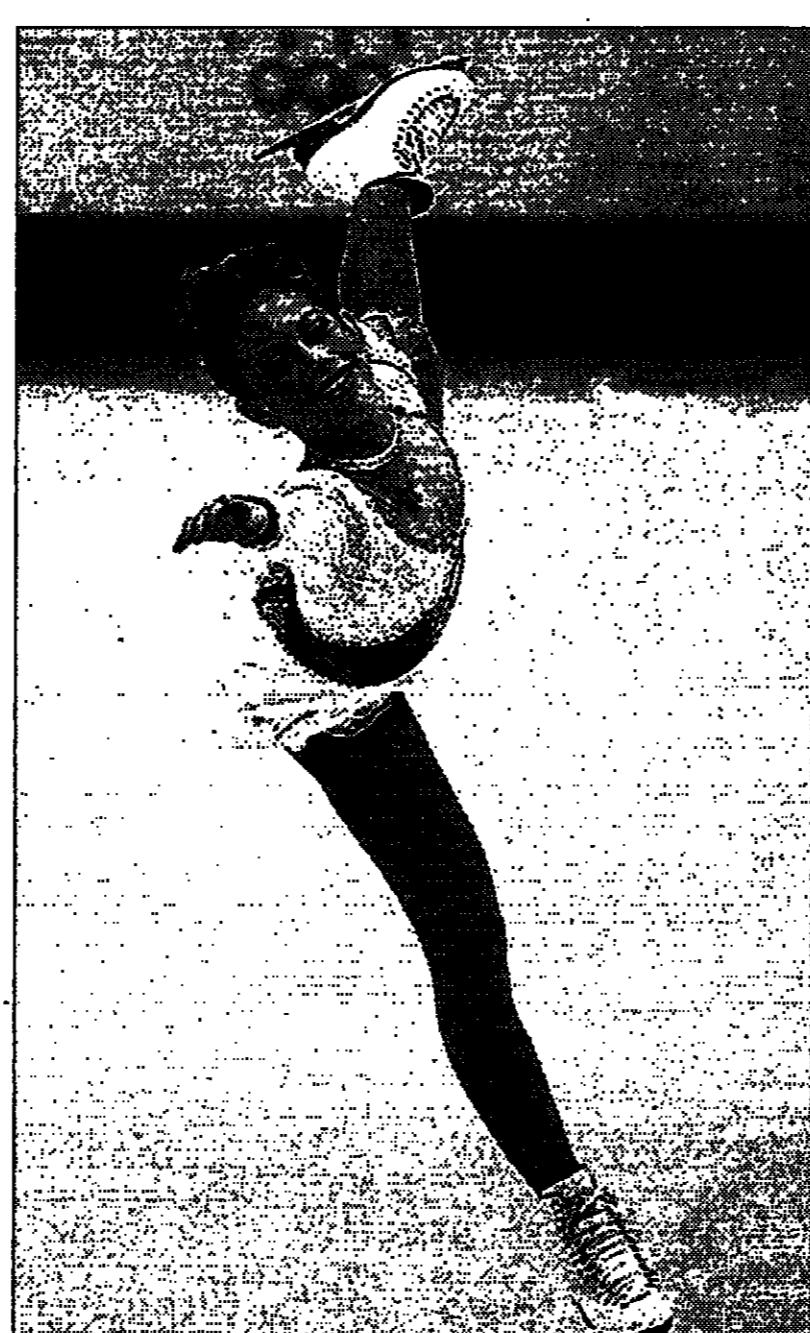
"I preferred that she do the flip, but it was her call," said Frank Carroll, who coaches Kwan. "I said, 'This is your life, your Olympics, so you accept the responsibility.'

But it was only by a matter of degree that Kwan was better than Lipinski, who toured last summer and rehearsed in front of a mirror to improve her artistry. On Wednesday, she skated as a young woman coming of age.

"On my God, it was the best performance I did ever," Lipinski said to her coach, Richard Callaghan, as she awaited her scores.

She was fast and jubilant, smiling widely when she landed the triple flip that she had crash-landed at nationals and again when she landed her double Axel. But it was the polish of her spirals and grace of her overall performance that defined her performance.

"Artistically and emotionally, that's the best I've ever seen her do," Callaghan said.



Tara Lipinski of the United States skating the short program Wednesday.

Kwan and delivered a joyful, grown-up performance that received a 5.9 for artistry from the French judge and 5.8s from five other judges.

Kwan was unhurried and flawless, fully completing each jump and spin without appearing to be looking prematurely ahead to the next element. She did not attempt a triple-triple combination because she did not feel that she needed it. She was careful with her individual triple jump, performing a triple toe loop instead of a more difficult triple flip.

Kwan received marks of 5.9 across the board for presentation and eight of the nine judges placed her first.

At the U.S. national championships, Kwan had inserted the triple flip into her short program because of a stress fracture in her left foot. The triple toe is the easiest of triple jumps, but it hurt her foot when she planted her left toe pick. But her foot has improved markedly in the last month, and Wednesday she returned to the triple toe loop because it felt more comfortable and reliable.

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Lipinski skated 30 minutes before

ART BUCHWALD

Your Own Prosecutor

WASHINGTON — "How," I am constantly asked, "can we prevent something unreal like what is going on in Washington from happening again?"

A simple solution. Every time a person is selected for a high government position, he must be sworn in with his own special prosecutor.

The special prosecutor will remain at his side the entire time the person serves, becoming part of the family.

The special prosecutor will have the right to subpoena witnesses, tap phones and investigate the sex life of anyone acquainted with the appointee or his family.



Let's say Willington is sworn in as the president's adviser on baldness. His special prosecutor will immedi-

A Very Bubbly Year For Champagne Sales

Agence France-Presse

EPERNAY, France — The world drank Champagne like never before last year, with a record 268.9 million bottles being sold, up 5.1 percent from the year before, the French champagne producers' association reported.

It was the first time that more than 100 million bottles of Champagne were shipped outside France, and French sales were up, too, to a record 165.1 million bottles. Total sales were expected to go as high as 17 billion francs (\$2.8 billion), up from 15.8 billion francs in 1996.

One special prosecutor who got nothing recently could be seen standing in front of the White House handing subpoenas to anyone who walked out of the gate.

He knew he was playing a long shot, but that is what special prosecuting is all about.

ately call a grand jury to hear witnesses testify against him. The way he will do this is to offer immunity to anyone who has anything bad to say about the president's adviser. The feather in the prosecutor's hat will be if his investigation leads to misconduct in the Oval Office.

Let's say the special prosecutor digs up information taped by a disgruntled administration employee concerning Willington's offer to invite a White House intern to accept a plane ride and lodging from a Japanese car company for the Winter Olympics. This leads the prosecutor to discover Willington once had a one-night stand in Sun Valley with a figure skater from the women's Olympic team.

The prosecutor subpoenas the skater to testify about the affair and produce gifts exchanged with the official.

The prosecutor offers the skater a pardon if she declines to take the fifth. Her lawyer says no unless she gets a job in Paris.

That is just a hypothetical situation. Many special prosecutors who hang out with appointees will still be unable to dig up anything that would send someone to jail. It isn't necessary for an SP to produce a conviction when assigned to prosecute someone — but if he comes up with nothing, his chances of an interview with Barbara Walters are nil.

Still, at this 48th Berlinale, which closes on Sunday with the screening of Peter Hewitt's "Sliding Doors," at least three films have been enthusiastically received by critics and Berlin audiences and seem likely contenders for the festival's Golden Bear awards this weekend: the Coen brothers' latest, "The Big Lebowski"; Neil Jordan's adaptation of the Irish novel "The Butcher Boy," and Walter Salles's "Central Station," from Brazil.

Set in Los Angeles in the early 1990s, "The Big Lebowski" is a Raymond Chandler-inspired comedy of errors that plunges a chronically lazy marijuana smoker who calls himself the Duke (Jeff Bridges) and his manic Vietnam veteran pal Walter (John Goodman) into a tale of kidnapping, extortion, double-crossing and seduction when they would both prefer to be bowing with their friend Donny (Steve Buscemi).

Thanks to "Barton Fink" and "Fargo," Joel and Ethan Coen seem to be fast acquiring the cult adulation previously reserved in Europe for Woody Allen. And the proof was the most crowded post-screening news conference of the festival so far. Since the brothers are not famous talkers, however,

the questions were often longer than the answers.

Asked about one scene that seemed to have no rhyme or reason, Joel Coen, the film's director, explained that it was "what we call a 'Kafka break.'" And to the question of whether the movie had any purpose beyond laughing at Nazis and "Hispanic pederasts" (a reference to a character played by John Turturro), he paused and then offered, "I guess you hit the nail on the head."

"The Butcher Boy," a dramatic switch for Jordan after "Michael Collins," is also full of humor though it tells a darker story, of a 12-year-old boy growing up in a small Irish town in the early 1960s.

Francie Brady, played by Eamonn Owens, lives in a fantasy world peopled by the Lone Ranger and the Virgin Mary (Sinead O'Connor). The film, in which Stephen Rea plays Francie's drunken father and provides Francie's own voice recounting the story 20 years later, is remarkably faithful to the novel, which was a finalist for Britain's Booker Prize in 1992. "The book is one of those extraordinary books that is so local that it is not even Irish," Jordan said. "I just wanted to show the series of disasters that occur to this boy and lead his mind to become unbroken." In picking Eamonn Owens for the challenging role of Francie, Jordan said he followed his belief that "if you cast a child, you're better off casting one

who has done no acting." Salles belatedly reached the same conclusion in "Central Station," auditioning 1,500 boys before picking Vinícius de Oliveira, a 19-year-old shoeshine boy in Rio de Janeiro, Brazil, to play one of the two lead roles, Josué.

In the movie, which was well received at this year's Sundance Film Festival, Josué sees his mother killed by a bus outside Rio's main railroad station. Homeless and destitute, he is befriended by Dora (Fernanda Montenegro), a retired schoolteacher who now writes letters dictated to her by illiterates passing through the station (albeit posting only those of which she approves). Eventually, the two set off by bus for Brazil's impoverished northeast in search of Josué's father.

"Central Station" stands out for its realistic depiction of the lives of ordinary Brazilians. It also offers evidence of a rebirth of Brazil's movie industry thanks to new investment incentives. Last year's Berlinale presented Bruno Barreto's "Four Days in September," which was nominated last week for an Oscar for best foreign-language film.

In contrast, with the exception of "The Butcher Boy," Europe's offerings were modest here this year. Nick Hurran's "Girl-Night" is a tears-and-laughter story of two middle-aged working-class British women, played by Brenda Blethyn and Julie Walters, who share their bingo winnings and head off to Las Vegas for a final fling after one of them is diagnosed with terminal cancer.

For the official competition, Germany offered only "The Big Mambo," a light-hearted first movie by the actor Michael Gwisdek in which he and his wife, Corinna Harfouch, star as an actor and actress trying to make their first movie. Jeroen Krabbe, a well-known Dutch actor, chose to make his first film, "Left Luggage," in English, although it is set in Antwerp's Jewish community.

But after Jacques Doillon's perennial French love triangle, "Trop (Peu) d'Amour," provoked snickers and yawns from one festival audience, it took the veteran French director Alain Resnais to show that life remains in the European movie industry.

In "On Connait la Chanson" ("Same Old Song"), his trick is simple but effective: In a light tale of love and intrigue, his characters keep breaking out in song, lip-synching popular French songs with straight faces to hilarious effect.

PEOPLE

THINGS seemed pretty fishy for Kevin Kline when he went to Harvard to accept the Hasty Pudding Club's Man of the Year award. First, members of the drama club rolled out a fish tank. Then they tried to get Kline to swallow a fish, afeat he performed in the movie "A Fish Called Wanda." In the end, Kline only fed it. "I'm truly honored and touched in ways too indescribable to tell you," Kline said in accepting his award. He won an Academy Award for best supporting actor in "Wanda," and his recent movies include "The Ice Storm," in which he co-starred with Sigourney Weaver, who received the Hasty Pudding Woman of the Year award last week. Kline also won Tony Awards for stage work in "On the Twentieth Century" and "The Pirates of Penzance."

Frank Sinatra does not have cancer, according to a message put on his family's Web site to counter reports that he has cancer of the bladder. "As far as we, his family, know, at the present time there is no cancer anywhere in Frank's

body, and he is not in need of surgery of any kind," said the Web site at Sinatra-family.com. The 82-year-old singer was in a Los Angeles hospital last week undergoing a series of tests.

The action superstar Jackie Chan has launched an international campaign with two organizations seeking to persuade people not to consume products derived from endangered species. Chan

is working with The Global Survival Network and Earth Care, a Hong Kong animal conservation group. "This year is the Year of the Tiger, but there are only 5,000 wild tigers left," Chan said. "Please help me to help the animals. Remember, when the buying stops, the killing can too."

Courtney Love says she's out

\$27,543 after winning a case in which she was charged with slugging two fans during a 1995 concert. Love wants Orange County, Florida, to reimburse her that amount for legal fees, but the county is offering only \$1,900. "We're trying to be nice," prosecutor George Dorsett said in the Orlando Sentinel. "I have tried to err on the side of giving her too much money." Two counts of battery were thrown out after a judge ruled that the two teens allegedly struck by the singer at a concert by Hole, Love's former group, were not exposed to any more violence than could have been expected at a rock concert.

The names of the actors Glenda Jackson and Jeremy Irons and the best-selling novelist Jeffrey Archer are being tossed about by press and public as possible candidates for the job of mayor of London. Under a Labour government plan, Londoners will vote in May in a referendum asking if they want a directly elected mayor. If the voters say yes, a mayoral election will probably take place in May 2000.

Titanic Distress Signals Fetch \$123,500

Agence France-Presse

NEW YORK — Christie's auction house received \$123,500 for some chilling memories: 34 distress signals sent on the night the luxury liner Titanic struck an iceberg and sank in the frigid waters of the Atlantic.

"We have struck an iceberg," was the terse wireless message the Titanic sent to its sister ship, Olympic, at 11 P.M. on April 14, 1912. Twenty minutes later, the Titanic sent another message: "We are putting the passengers off in small boats."

Interest in the printed messages, translated by cable operators from Morse code, was fueled by the stunning success of James Cameron's film "Titanic."

In all, 53 messages were auctioned in the Christie's sale Tuesday of model boats, marine equipment and navigational instruments.



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Saudi Arabia ¹⁰	1-800-39
Spain ¹⁰	700-99-0011
Sweden ¹⁰	020-779-611
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United Kingdom ¹⁰	0800-99-0011
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